



# THE INDEPENDENT

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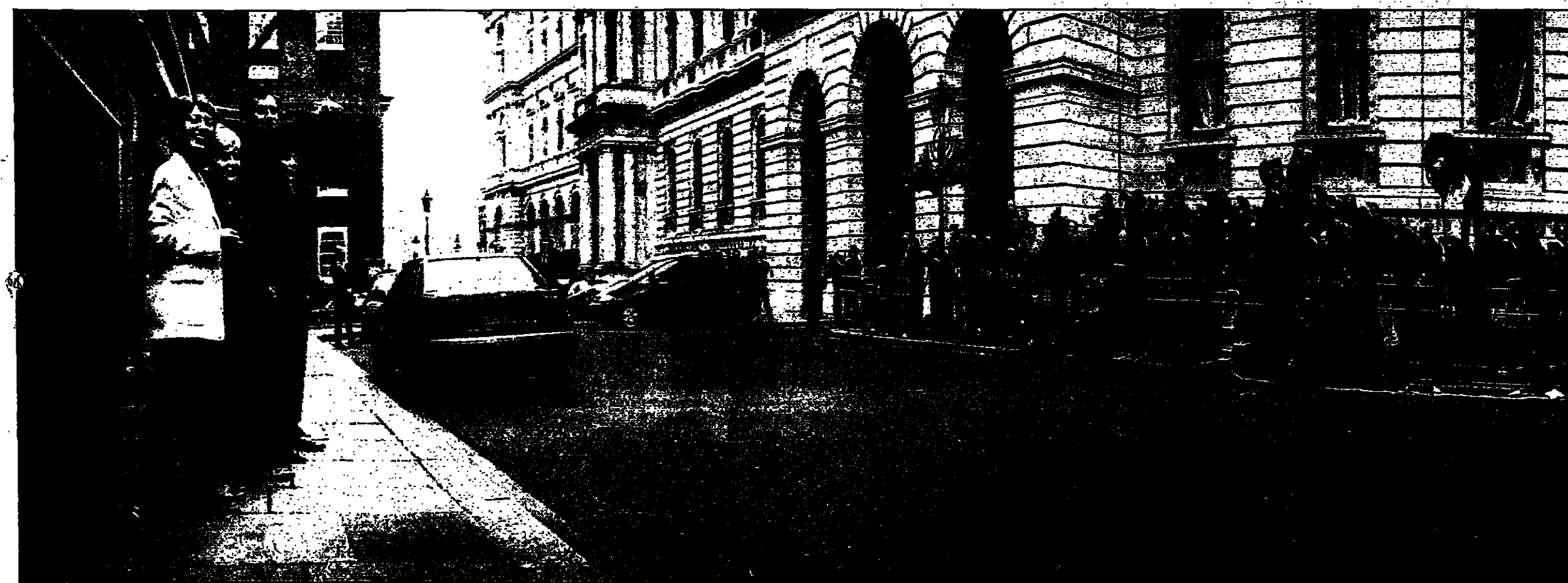
WEDNESDAY 10 MARCH 1999

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## BUDGET SPECIAL

YOUR THREE-SECTION PAPER: 24-PAGE NEWS SECTION PLUS 24-PAGE BUDGET SUPPLEMENT PLUS 18-PAGE BROADSHEET REVIEW

# Brown hands out £6bn to help children, elderly and low paid



The Chancellor yesterday rejected Tory claims that he had imposed 'stealth taxes', insisting that the Budget measures announced amounted to a boost for families on low and middle incomes

Glyn Griffiths

GORDON BROWN announced a surprise cut in the basic rate of income tax yesterday in a £6bn give-away Budget which switched money from high earners to low-paid families with children.

The Chancellor sought to head off Tory claims that he had imposed "stealth taxes" totalling £40.7bn since the last general election by bringing in his long-promised 10p bottom rate of tax on the first £1,500 of income from next month. But MPs were stunned when he added that the basic rate would also be cut, from 23p to 22p in the pound, from April next year.

To pay for the changes, mortgage tax relief and the married couples' tax allowance will be abolished next year. The allowance will be replaced by a new children's tax credit, but top rate taxpayers will receive less than those on the basic rate.

Labour MPs, who welcomed a further cash injection for health and education, said the Budget had the feel of a "pre-election Tory give-away". Downing Street denied it was a profligate package, insisting that Mr Brown was spending the dividend from bringing the economy under control.

Yesterday's radical reforms

BY ANDREW GRICE AND DIANE COYLE

set the scene for a general election battle in 2001 in which the Tories will attack Labour's "backdoor tax rises".

But Mr Brown insisted that his package amounted to a boost for low- and middle-income families. The Treasury said 20 million households would be better off after the changes were phased in over the next three years. But this still left 4 million who would be worse off or whose position remained unchanged - mainly high-earners, single people or couples without children.

Mr Brown also announced an above-inflation increase in child benefit. It rises to £14.40 for the first child next month and to £15 in April next year.

The winners also include pensioners, who will have a guaranteed minimum income of £78 a week from April next year. Some 200,000 old people will be taken out of income tax, and the pensioners' winter fuel bonus will be increased from £20 to £100.

Mr Brown, who announced a long list of tax reliefs to boost small business, said his Budget was about "enterprise and fairness". Although an energy tax

will be imposed on business, the Chancellor promised to compensate by cutting companies' national insurance payments.

The Chancellor is confident of winning the battle over "stealth taxes", believing that many high earners will still be better off after the loss of "middle-class perks" such as mortgage relief because their disposable income is rising. This is largely due to falling interest rates.

But William Hague branded Mr Brown the "pickpocket Chancellor". The Tory leader claimed he had been "aided and abetted" by "the artful dodger" - Tony Blair. The Opposition leader said an increase in national insurance would hit higher earners.

Mr Hague scorned the Chancellor's claim that the Budget was good for families. "It is good for families who don't have a mortgage, who aren't

### KEY POINTS OF THE BUDGET

● New 10p starting rate of tax. Basic rate tax cut to 22p. Nearly one million taken out of National Insurance Contributions

● Married Couple's tax allowance scrapped and replaced by Children's Tax Credit worth up to £416 a year. Child benefit raised to £15 a week for first child, £10 for second

● Miras scrapped. Stamp Duty raised by half a per cent on homes above £250,000

● £1bn boost for OAPs. Winter allowance up from £20 to £100

● £55 cut in road tax for cars with smallest engines. Overhaul of company car tax. New energy tax on business

● Unleaded petrol up by 3.8p a

litre, packet of 20 cigarettes by 17.5p. No increase in wine, beer or spirits duties

● £1.7bn initiative to make computers available to all

● Tax breaks to encourage employee share ownership, cuts in Corporation Tax

● Extra £1.1bn for schools, hospitals and crime prevention

● Budget surplus of £34bn over five years. Growth forecast at 1.5-3.25 per cent in 2001. Inflation to stay at 2.5 per cent

'Fiscally progressive, but based on a risky assumption' *Leading article, Budget Review, page 11*

ly and is genuine in his commitment to reducing child poverty."

The overall tax burden will fall from the next financial year. The tax cuts and extra spending announced yesterday are the fruits of tough Budgets in July 1997 and March 1998.

Yesterday's measures came as a relief to business after the big increases in their tax burden in Mr Brown's previous Budgets. Employers organisations welcomed the steps, to boost small firms and encourage enterprise.

Alan Amis, chief economist at the Engineering Employers Federation, gave a warm welcome to the announcements. "Many of the measures the Chancellor has announced will help sustain essential investment through the current downturn, and help companies take advantage of future growth in the economy."

There was concern that Mr Brown's plans rely on his relatively upbeat outlook for growth. He defied City opinion by sticking to his forecast of growth of between 1 per cent and 1.5 per cent this year. Kate Barker at the Confederation of British Industry said: "He has stuck to optimistic economic forecasts, and he needs them to

come true to be able to carry out his plans."

The Budget give-away was more than many City analysts had expected. Some warned that this would diminish the chance of another fall in interest rates.

Ian Peters, deputy director-general of the British Chambers of Commerce, while welcoming the measures, said: "The sting in the tail is that the Bank of England might have less room to reduce interest rates."

Despite these concerns, which led to a sharp fall in the gilt market, there was agreement amongst experts that the public finances remain in very good shape.

Kevin Gardiner, an economist at Morgan Stanley the investment bank, said: "The financial markets have overreacted. Outside the markets this Budget should play tremendously well."

The Treasury's Budget 99 document showed that, adjusting for the economy's position in the business cycle, fiscal policy will continue to get tighter over the next three years. The £6bn giveaway yesterday was actually needed to adjust for the fact that growth has slowed since last year.

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## Nuclear weapons spying suspect named

BY MARY DEJEVSKY  
in Washington

A SCIENTIST dismissed on Monday from his job at America's top nuclear weapons laboratory amid allegations of spying for China has been named as Wen Ho Lee, who worked in the weapons design department of the Los Alamos laboratory for over a decade.

His name has not been confirmed by US authorities but was divulged yesterday by US newspapers, which said he was interrogated by the FBI for three days after failing a lie-detector test last week.

According to *The New York Times*, the Taiwanese-born computer scientist, who is in his fifties, "stonewalled" and failed to co-operate with his questioners. The FBI said that they did not have enough evidence to arrest him.

However, the US Energy Secretary, Bill Richardson, in whose jurisdiction Los Alamos falls, said he believed there was enough evidence to dismiss Mr Lee, citing his "failure to properly notify Energy Department and laboratory officials about contacts with people from a sensitive country, specific instances of failing to properly safeguard classified material, and apparently attempting to deceive lab officials about security matters".

Wen Ho Lee had emerged as the chief suspect from a three-year FBI investigation, code-named Kindred Spirit, into the presumed theft of US nuclear secrets from Los Alamos. His identification yesterday came hard on the heels of an announcement that as many as 700 Energy Department staff and employees of the National Laboratory at Los Alamos would have to take regular lie detector tests.

The measure was seen as a belated attempt by the administration to calm fears about the scale of Chinese spying in the United States.

Wen Ho Lee's wife, Sylvia, is also said to be under suspicion. She worked as a secretary at the Los Alamos laboratory until recently, and reportedly raised eyebrows in the Eighties when she was invited to China to deliver an academic paper on nuclear processing. She was also said to have taken an undue interest in visiting Chinese delegations.

A *New York Times* investigation, published on Saturday, said that China was suspected of having developed miniaturised nuclear warheads on the basis of blueprints stolen from Los Alamos in the mid-Eighties, thereby clawing back much of a 20-year technology gap with the United States.

While noting that the security lapse - if such it was - took place under Presidents Reagan and Bush, the paper accused the Clinton administration of hushing up the affair to pursue its objective of a "security partnership" with China.

Members of the US Congress were swift to call for full information about the affair and tighter security at Los Alamos and other sensitive installations. Republicans said national security might have been subordinated to the interests of foreign trade.

The allegations coincide with a deterioration in Sino-American relations. These further details of the scandal may not be unwelcome to Washington, and may even have been conceived as a warning shot across Peking's bows.

# Floods waist-deep and rising in Yorkshire's tourist villages

BY KIM SENGUPTA  
AND DARIUS SANAI

IN THE darkness of the early hours of yesterday morning, Peter Long pulled on his wellingtons and started building a fence to stop his pets from escaping his front garden.

There would be nothing particularly unusual in that, except that the pets in question are his cats, living in the garden pond of his house in Stamford Bridge, North Yorkshire. The fish were in danger of being washed away in floods that have swamped communities of the Derwent river valley.

Mr Long, who owns a petrol station and a hardware shop, managed to save his fish by hurriedly knocking together a makeshift fence.

But thousands of other residents in the area, which encompasses some of the most beautiful and historic parts of the Pennines, are seeing their lives severely disrupted by the river, which has swollen to a level unprecedented in living memory.

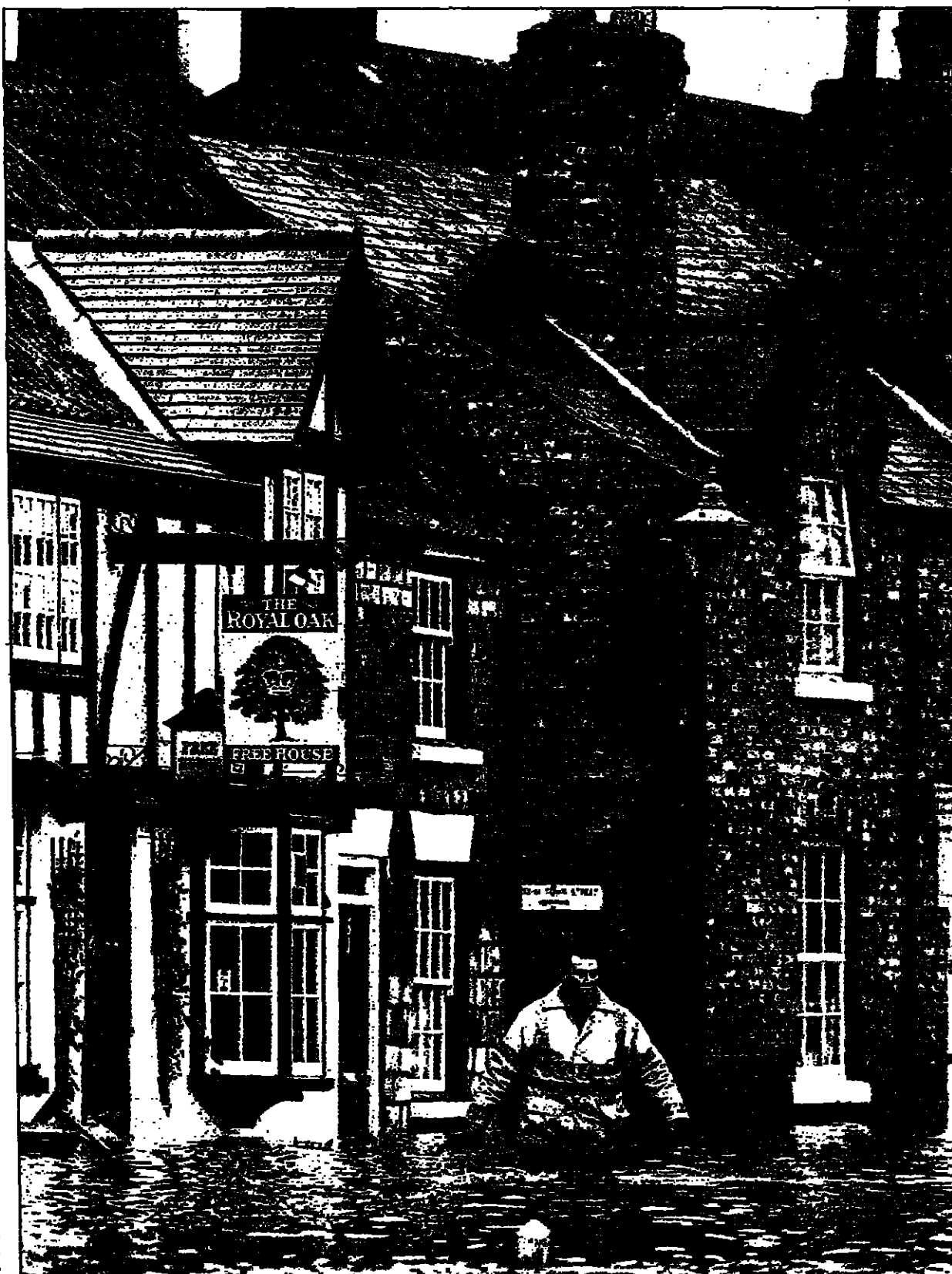
The deluge, caused by snow melting off the North York Moors and the Wolds and unremitting rain that caused the river to burst its banks, has cut off villages, waterlogged homes, swept cars off roads and left a swathe of the area without any power.

As environmental officials likened the flooding to "a rapidly filling bath with the taps on full blast", the villagers of Malton, Norton, Pickering, Stamford Bridge and Elvington were coping with the stress that comes from seeing your house and your belongings submerged, your business closed down - and tourists gathering on the edge of town to gawk at the scene.

The Derwent has risen remorselessly over the past few days to nearly 10 feet above normal, at its highest since the "Great Floods" of 1931 and 1932. The scene it created in the pretty villages of the moors, where the television show *Hearbeat* is filmed, was surreal. Locals getting about in boats and canoes were exchanging greetings with policemen and firemen in their own boats on the way to pick up the stranded.

A caravan site in Stamford Bridge, where King Harold defeated Harold Godwinson of Norway in 1066 before rushing south for his fateful encounter with William the Conqueror, was flooded and abandoned.

One village, Haxby, was marooned, while at Thorganby, Bubwith, East Cottingham and Barnby the Environment Agency was knocking on doors



to say that they were in the path of the storm water flowing downstream and there was strong risk that their homes would go under water later this week.

Those already affected were coping with what they say is typical Yorkshire stoicism and self-sufficiency. Although an emergency shelter had been set up at one of the villages, Norton, few stayed.

Sheona Patterson, of North Yorkshire County Council social services, said: "Three people slept here overnight, but we have had people also coming in for something to eat or for help in finding accommodation."

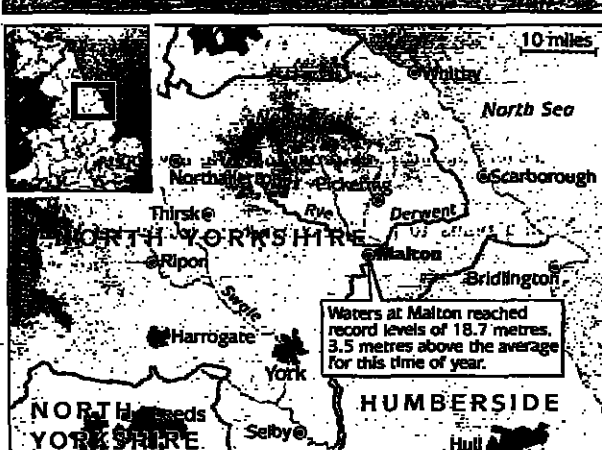
"It would appear that a lot of the people affected have friends and family who have been able to help. People really seem to have rallied around and helped each other."

At Old Malton, the Reverend John Manchester boarded a police boat to check on his elderly parishioners. He said: "Some left, some didn't, and we have made sure that all are all right. There isn't a bed-and-breakfast to be found in Malton. Everyone is using them."

Joe Braithwaite, who had been helping with rescue efforts at a nearby village, shrugged and said: "You have got to

laugh about it because there isn't anything much else one can do. You can't fight nature, sometimes you just have to clear up after it."

There was, however, some exasperation at the authorities, in particular the Environment Agency. Peter Hynd said: "They [the Environment Agency] came along with a truck full of sandbags, but meanwhile the whole of the



Flooding in North Yorkshire yesterday after the River Derwent broke its banks. Clockwise from top left: the railway station at Malton, two scenes at Stamford Bridge, and the Royal Oak at Old Malton  
Dan Chung/Reuters, Steve Forrest/Guzelian, North News & Pictures

square of Stamford Bridge was flooded. We weren't warned until far too late. It is a damned joke. We are waist-deep. There are tables and chairs floating around. It is dreadful - it's devastating. We won't be open for another week at least."

The Environment Agency maintained that it had sent out warnings, starting with an amber alert on Saturday. A spokesman said: "All we can do is send the warnings out. It is up to the people to pick them up. The emergency planning team also stated there had been no problem at all with the warning system."

North Yorkshire's emergency planning officer, Robin Myrland, said that long hard work lay ahead to repair the damage. "There are a lot of people who have had their lives severely disrupted and are all facing their individual emergencies at the moment. That is something which is going to take a long time to put right. We will be

doing our best to ensure that period is as short as possible." Ryedale's Conservative MP John Greenway, said the Government might need to step in to help. Mr Greenway, whose constituency office is one of the buildings hit by flooding, said: "It's the worst disaster in most Malton and Norton townspeople's memory. I feel so sorry for the families and businesses affected. It's awful."

Humberston Police, responsible for the Stamford Bridge district, hit out at "rubber neck" families visiting the village and allowing their children to paddle in the flood water.

For Mr Long, the safety of his carp was a small consolation. His petrol station acts as a village shop, and all his Mother's Day cards, stocked up for this Sunday are floating towards the North Sea on the bloated meltwaters of the Derwent. With typical Yorkshire phlegm, Mr Long said yesterday: "It's in the lap of the gods."

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# Britain lags in treating cancer

CANCER PATIENTS should consider buying Eurostar tickets to France or Germany to maximise their chances of survival, experts said yesterday. Britain is near the bottom of the European league on cancer survival, according to a survey.

Its record is closer to that of Poland and Estonia than to nations of equal economic status such as France, Germany and Scandinavia. Death rates from common cancers such as lung, breast, bowel and prostate are well above the European average. If Britain could achieve the same rate of survival as the best-performing European country on each cancer, 25,000 lives a year would be saved. Even meeting the European average would save 10,000 lives.

Professor Karol Sikora, chief of the World Health Organisation Cancer Programme and a consultant oncologist at Hammersmith Hospital, London, said the best cancer units in Britain provided care that was the equal of any in the world, but the standard varied widely. "The problem in Britain is not that you can't get the best treatment but that you can't get it everywhere," he said.

The figures from the Euro-care II study compared cancer survival rates between 1978 and 1988, the latest available, in 17 countries covering 3.5 million cancer patients. They are

By JEREMY LAURANCE  
Health Editor

based on the numbers surviving five years. For all cancers except those of the breast, this is tantamount to being cured.

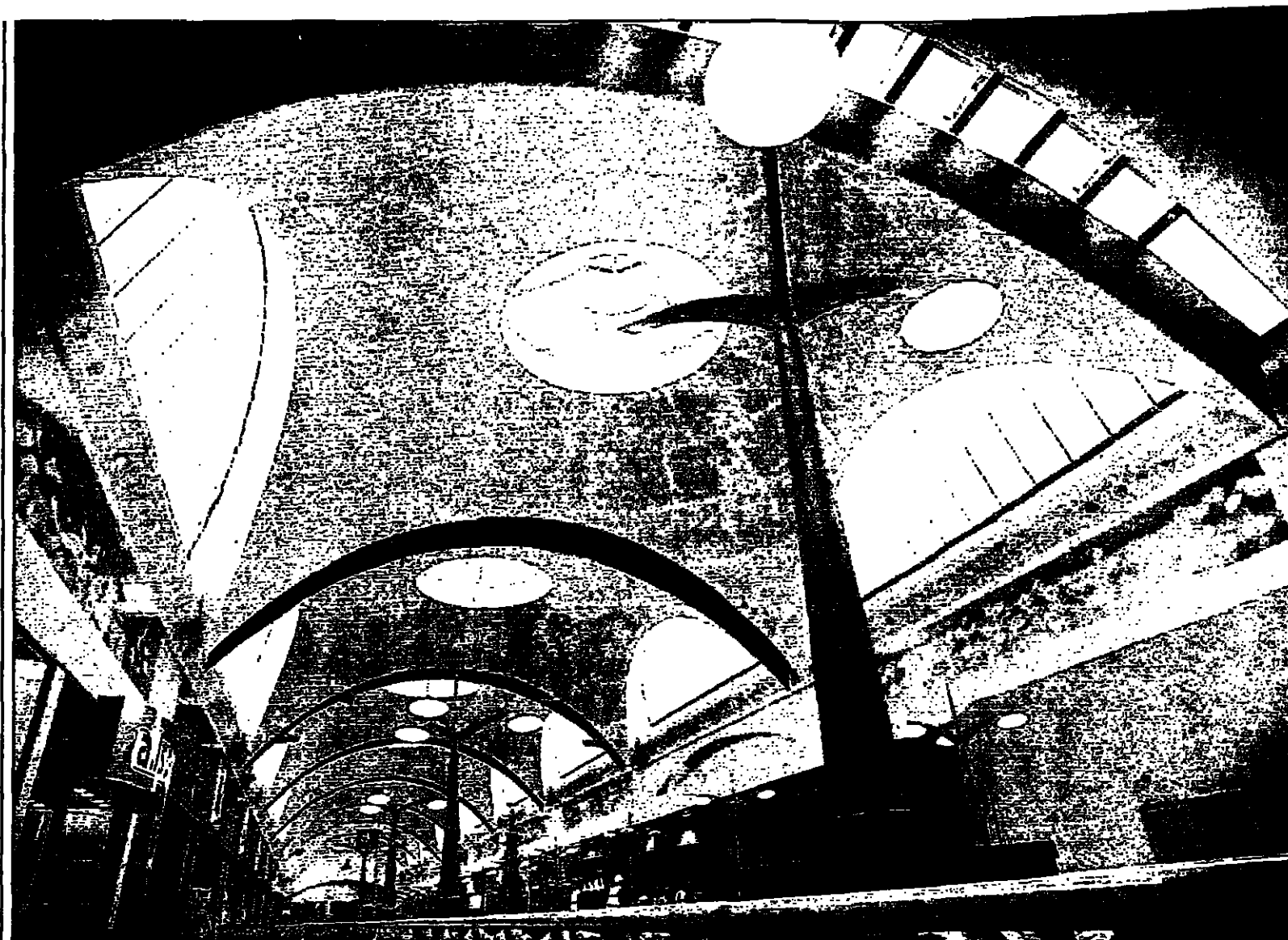
On some cancers - leukaemia, melanoma, bone, brain, testicular - Britain's record is as good as elsewhere in Europe. But on the common cancers it is significantly poorer. Five-year survival with lung cancer, one of the deadliest cancers, is half as good in Britain as in France (7 per cent compared with 14 per cent).

On breast cancer, Britain's survival rate is just over 60 per cent compared with 70 per cent in Germany and 80 per cent in France. On bowel cancer, survival rates are 40 per cent in Britain, about 50 per cent in France and Germany and approaching 60 per cent in the Netherlands.

Professor Sikora said the reasons for Britain's performance were a mystery. Speed of diagnosis and treatment were almost certain to be as good, with Britain's unique network of family doctors. "The finger has to point to the quality of [hospital] care," he said.

Figures showed Britain had fewer oncologists, spent less on cancer drugs and had fewer radiotherapy machines than other countries.

DEATH RATES IN BRITAIN			
Cancer	UK Deaths (1995 figures)	Lives that could have been saved if we matched the best European country (1991 figures)	Lives that could have been saved if we matched the European average (1991 figures)
Lung	36,600	5,882	1,260
Breast	14,201	5,883	3,460
Colorectal	17,934	5,007	1,878
Prostate	9,585	3,992	1,331
Stomach	8,005	1,833	1,312
Ovary	4,357	883	179



The Rose Mall at Bluewater shopping centre, Kent, which opens next week and will be Europe's biggest Chris Eades/Kent News & Pictures

## Europe's largest shopping centre will start battle of monster malls

YOU CAN drive within 100 yards of what will be Europe's biggest shopping centre and not even notice it.

Bluewater - which opens next week and has its "press day" today - is at the bottom of one of the vast chalk canyons gouged by cement manufacturers in north-west Kent. It is a massive concrete, glass and metal consumer cathedral to which worshippers will flock along the M25 and the A2.

But not everyone is a believer. Detractors fear Bluewater will swamp the economies of local communities and pollute the air with exhaust fumes from extra traffic.

Perhaps the most vulnerable town is Gravesend, which no longer has a Sainsbury's or a

By BARRIE CLEMENT  
Labour Editor

Safeway. Susan Atkins has given up her shop selling lingerie. "My lease was due and Bluewater was looming, so I decided to call it a day," she said. James Munns is optimistic in his stationery, art materials and gift shop, saying: "I'm sitting tight, hoping for the best."

Adrian Pounce, owner of a furniture shop at the other end of the town centre, believes he serves an older clientele and hopes the monster mall may have a positive effect.

Analysts say the Bluewater tidal wave is more likely to engulf towns such as Bromley, which still attempts to cater for the more well-to-do. Even

there, businesses say this part of outer south-east London will still have a vast shopping public on its doorstep.

Jonathan Clay, who chairs Gravesend Council's economic committee, thinks the M25 and A2 will be "blocked for six months" after the complex opens. Bluewater can hold 13,000 cars bringing 80,000 people a day and there are 5,500 restaurant covers. More than 6,700 people will be employed.

To some the mall will be a monument to corporate lust, but the developers refer to it as an "innovative and exciting retail and leisure destination", with a choice of 320 outlets.

Shoppers, or "guests" as Bluewater managers call them, will make up their minds next

Tuesday when the £1.1bn complex opens. Bluewater is 15 minutes' drive from Lakeside, the shopping centre across the Thames in Essex.

Tony Shiret, retail analyst at Credit Suisse First Boston, says the consumer's pocket is unlikely to be large enough to keep both centres at full capacity. He expects Lakeside to get "a bit of a whack" when Bluewater opens.

Greg Antoniadis, the man in overall charge of the Kent project, is confident it can navigate any economic doldrums. "Planning something like this takes four to ten years, so economic cycles are meaningless," he says. "The retail trade is cyclical - that's life."

It is entirely possible that

"life" might enter a more difficult phase for Gravesend. A council official suggested Gravesend will be offering a "traditional Kentish shopping experience". For traditional, read cheap and cheerful.

Bluewater has three leisure "villages" and three malls, one with a "sense of entertainment and theatre", another which hopes to appeal to families and a third not to be entered without a high credit rating. Street entertainers, jugglers, still-walkers, puppeteers, musicians and actors will be recruited.

For those with their minds on higher things, the malls are decorated, with poems by Kipling, Wordsworth, T S Eliot and Eric R Kuhne. Mr Kuhne is the architect.

## Ratings 'victory' for ITV News

By PAUL MCCANN  
Media Editor

ITV CLAIMED a ratings victory for its first evening without News at Ten, after increasing its share of viewers by almost 25 per cent on Monday night.

Unofficial viewing figures available yesterday showed that the new *ITV Evening News* at 6.30pm was watched by 7.3 million people. The BBC's *Six O'Clock News* is usually the most-watched early evening news programme, with about 6 million viewers. On Monday its ratings increased to 6.5 million, but still did not match the new bulletin presented by Trevor McDonald.

ITV's new late-night news at 11pm also did well, attracting 3.1 million viewers. News at Ten averaged about 5.8 million viewers for most of last year.

Most importantly for ITV, its overall evening schedule put on viewers. Its uninterrupted drama, *Kavanagh QC*, attracted 10.3 million viewers, a 46 per cent share of all those watching television.

The good ratings for its news, dramas, and the quiz show *Who Wants to be a Millionaire?* - which was watched by 12 million people and even defeated *EastEnders* - allowed ITV to take an average 48 per cent share of viewing across the Monday evening. This compares with an average of just under 38 per cent for most of last year.

A spokeswoman for ITV, which makes ITV's news programmes, said: "We are delighted that the viewers seem to have given a vote of confidence in the new programmes. It bodes well for the future."

The only hiccup in ITV's new schedule came when a guest on *Who Wants to be a Millionaire?* won £125,000 after giving a wrong answer halfway through his run. The show asked what was the minimum number of strokes needed to win a tennis set but did not allow for the possibility that a losing player could double fault throughout three games.

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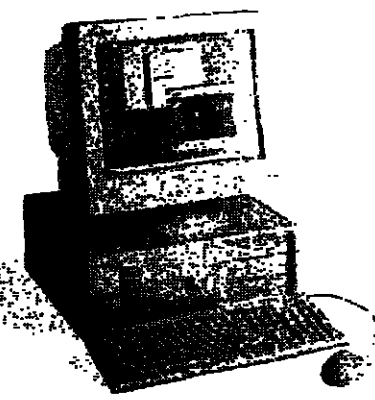
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Cyprus.....	20p
Denmark.....	9p
Egypt.....	44p
Falkland Islands.....	26p
Finland.....	10p
France.....	9p
Greece.....	23p
Hong Kong.....	15p
Hungary.....	18p
India.....	43p
Ireland.....	9p
Israel.....	15p
Italy.....	14p
Jamaica.....	41p
Japan.....	15p
Kuwait.....	59p
Luxembourg.....	12p
Malaysia.....	20p
Malta.....	18p
Mexico.....	24p
Morocco.....	32p
Netherlands.....	10p
New Zealand.....	10p
Philippines.....	28p
Poland.....	23p
Portugal.....	22p
Russia.....	31p
Saudi Arabia.....	52p
Singapore.....	21p
South Africa.....	30p
Spain.....	14p
Sri Lanka.....	56p
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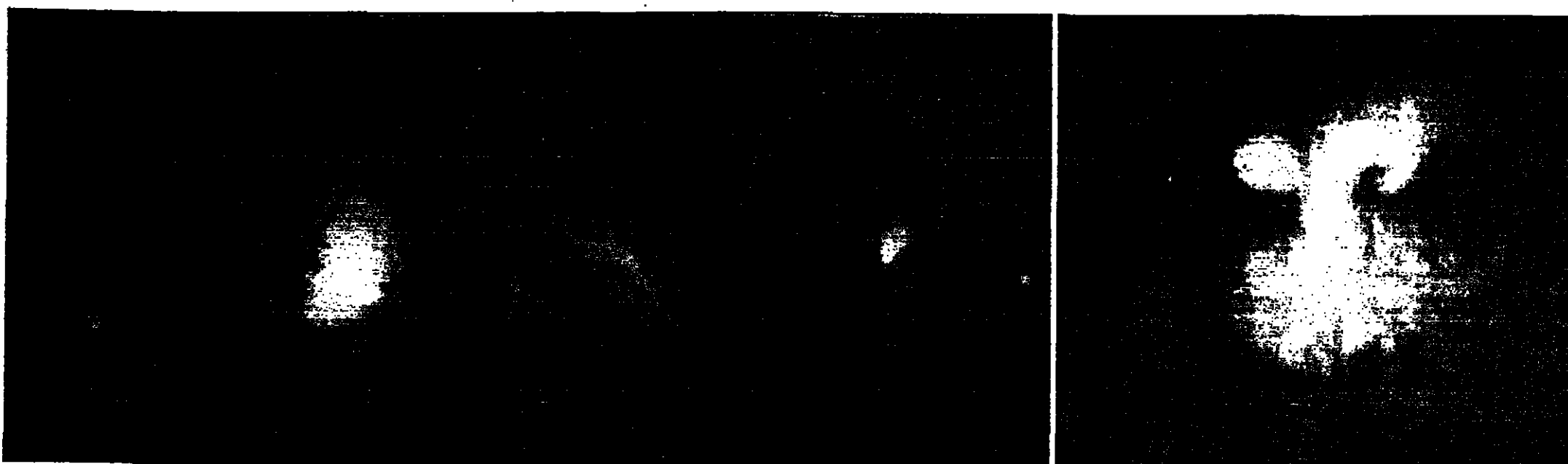
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**BY STEVE CONNOR**  
Science Editor

A Nasa-sponsored study of the Sun's activity using a



Images of the sun a few days before a solar explosion (left) and a close-up of the S-shaped sigmoid that warns scientists the event is about to happen

**Hugh Hudson/David McKenzie**

know has a high probability of going off, according to Richard Canfield, professor of physics at Montana State University. "We've found that the S-shaped regions are the dangerous ones. As soon as we

can recognise that a region is S-shaped, we know that it is more likely to erupt," he said. Coronal mass ejections are violent discharges of hot, electrically charged gas from the Sun's corona, or outer halo.

The outbursts occur several times a day but only those shot towards Earth are potentially dangerous.

**satellites, disrupt flow meters in oil pipelines, interfere with equipment for geological exploration and be a general hazard to astronauts who may be in space.**

the prediction technique to enable them to forecast the most likely ejections that may impinge on Earth, enabling companies and government agencies to take evasive action, such as turning

Professor Canfield said the sigmoid shape is likely to be caused by the development of a toroidal geomagnetic field

**BY JEREMY LAURANCE**  
Health Editor

"They are not sure where they can get emergency contraception. They are more likely to talk to a school nurse who is not their doctor or their par-

Nearly one in five young women said they had sex before 16, according to a Family Planning Association survey. Last year in England and Wales, 9.4 girls in every 1,000 under 16 became pregnant, according to government statistics.

## BY JOHN VON RADOWITZ

"It would not result in expulsion from the community but would have a deep psycholog-

The report points out that to administer blood to a patient who has steadfastly refused to accept it is "unlawful, ethically unacceptable and may lead to criminal and or civil proceedings".



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## 6/HOME NEWS



Tracey Hill with Rubin, her son with Ronald Hinkson. She says: 'I have to drag information out of the police'

Andrew Buurman

# A murdered black man, a suspect and a wall of silence

A BLACK man is murdered outside a London bar in front of hundreds of witnesses during a fight involving up to 20 people. There are hints that the notorious north London crime family, the Adamsons, were in some way involved. Eighteen months on, no one has been convicted or even charged.

The family of the murdered man, Ronald Hinkson, who was 32, are increasingly angry over the way the police have acted. His partner, Tracey Hill, who has not spoken out before, told *The Independent*: "I do not want to upset the police. But I cannot get enough information to be confident in their investigation."

His sister, Julie Hinkson, agreed: "I do not feel the police have learnt the lessons of the Lawrence affair... I feel there is now a complete breakdown between the police and us."

Mr Hinkson, a graphic designer, was murdered on a Saturday night after he went out to celebrate a friend's 30th birthday. At the end of the evening, he and three friends

BY PAUL LASHMAR

went for a drink in BarZaar, a late-night bar in Camden. According to the police, there was an "altercation" between Mr Hinkson and a man in the bar. The man attacked him with a glass and Mr Hinkson was bundled out of the bar with two friends. A brawl ensued.

One of the friends was knocked unconscious and was taken to hospital. Mr Hinkson was found in the road, fatally injured with 10 stab wounds.

The policeman in charge of the case, Detective Chief Inspector David Brown, says 19 officers "arrived at the scene within three minutes of the emergency call". But the family says that a number of witnesses were able to slip away.

The key suspect fled the scene, disappeared from his home the following day and has not been seen since. Despite his details being placed on the police national computer and with Interpol, he has not been found. Police will not name the man because they say it would



Ronald Hinkson: Stabbed to death 18 months ago

be prejudicial to any prosecution. Nor have the police prosecuted any of the other men involved in the attack, although one of Mr Hinkson's friends was badly hurt. Officers believe that prosecutions on minor charges would endanger any later prosecution of the murder suspect.

But what has caused the family's anger is the lack of information from the police.

Last August, Det Ch Insp

the solicitor, Det Ch Insp Brown said he was consulting the Metropolitan Police lawyers as to whether the family was legally entitled to the information they had requested.

Ms Hinkson's lawyer, Adrian Clarke, of Bindman and Partners, says they have not received a reply. He said: "When no information is forthcoming it can only give rise to suspicion of incompetence."

Det Ch Insp Brown maintains that his investigation has been properly conducted. He says that Deputy Assistant Commissioner John Grieve, the man in overall charge of the Stephen Lawrence Investigation and head of the Racial and Violent Crimes Task Force, has looked at the investigation and is happy with the way it has been conducted.

The identity of the suspect is well known locally. He is a white man of Irish descent who grew up in the area. He is said to have worked at the bar in the past. When asked if this was true, Det Ch Insp Brown replied: "I can't speculate on that."

Last September the family held a memorial service on the anniversary of the murder. Several police officers, including Det Ch Insp Brown, attended and an appeal was issued with a £21,000 reward, including £5,000 from the police.

Rumours have also flourished locally that the Adams family, an Islington-based gang, was involved. But Det Ch Insp Brown said: "The fact that the suspect may or may not have been connected with the Adamses has no relevance whatsoever."

The deteriorating relationship between family and police has eroded trust on key questions. Was there a racial element to the attack? "No," said Det Ch Insp Brown. Ms Hinkson said: "We just don't have enough information to be sure."

Tracey Hill said: "I only hear from the police when I approach them. I feel I could go six months without hearing from them. I literally have to drag information out of them."

Det Ch Insp Brown said there had been more than 200 police contacts with the family.

## No rehousing for Lawrence suspects



Neil Acourt: No move

A REQUEST by two of the murder suspects in the Stephen Lawrence case to be rehoused because of fears for their safety has been rejected on the advice of the Metropolitan Police.

Neil Acourt, 23, and his brother Jamie, 22, asked Greenwich Borough Council to move them after receiving what they said was a threatening letter from an anti-racist group. A council spokeswoman

BY KATHY MARKS

said yesterday that Scotland Yard had failed to support their application, stating that it did not believe the brothers were in serious danger. She said the housing department is working "flat out" to solve problems caused by the accidental inclusion of names and addresses of police informants in the appendix to Sir William Mac-

pherson of Cluny's report on the Lawrence case. Eighty people, including the local Labour MP, Clive Efford, are under police protection after the appendix was published.

The council said 11 families and individuals had asked to be moved because they feared attacks and intimidation after being named, and all have been accepted for transfers. Six transfers have been completed,

three are being processed and two involving transfers outside Greenwich are being arranged.

The council said that all requests to be rehoused on grounds of harassment were passed to police for evaluation.

The Acourt brothers are among five men regarded as prime suspects in Stephen's murder. The others are David Norris, 22, Gary Dobson, 23, and Luke Knight, 23. The brothers

made their request to be moved "as a matter of urgency" through their mother, Patricia, with whom they live in Blackheath, south-east London.

The family has already been rehoused once. At the time of the murder they lived in Eltham, near the bus stop where Stephen was stabbed to death by a white racist gang.

Leading article.  
Review, Page 3

## IN BRIEF

### Witness in Dublin drugs trial is shot by men on motorcycle

A MAN was shot and seriously injured as he walked to work in Dublin yesterday. He was understood to be a witness expected to give evidence in a drugs-linked criminal trial due to start shortly. The Irish emergency services said he was attacked by two men on a motorcycle in Dublin's inner-city area.

### James Major collapses

JAMES MAJOR, son of the former Prime Minister, collapsed during dinner on Monday with his fiancée, Emma Noble. He was detained in hospital overnight but discharged after tests suggested he was suffering from postural hypertension, which cuts off blood to the brain. A spokesman said the ailment was not life-threatening.

### Chief constable suspended

THE POLICE Complaints Authority confirmed the suspension of Paul Whitehouse, Sussex Chief Constable, after an inquiry into the fatal shooting of James Ashley, an unarmed man, by police last year. Mr Whitehouse and his deputy, Mark Jordan, face disciplinary proceedings over the release of information about the case.

### Old Scots lash out with Zimmers

CARE ASSISTANTS in Scottish old people's homes are more than twice as likely than their counterparts in England to suffer violence from elderly residents, including attacks with Zimmer frames and walking sticks, biting and sexual harassment, according to a survey by the National Institute of Social Workers.

### Baby whale dies on sands

A BABY whale washed up on sands near Clacton, Essex, yesterday has died. Vets, RSPCA officers and divers kept the 12ft minke whet and tried to refloat it. They believe the baby had lost its mother a few days before.

## Reporter accused of corruption

BY PAUL LASHMAR

THE CHIEF crime reporter of the *News of the World*, Neville Thurlbeck, was charged yesterday by Hertfordshire police with corruption. A 52-year-old police officer has also been charged.

Last year Detective Constable Richard Farmer had been on secondment to the elite National Criminal Intelligence Service when he was returned to Hertfordshire with a report from the NCIS Director-General.

The Hertfordshire force investigated reports of stolen documents. In October, Mr Thurlbeck was arrested at his home in New Malden and later released on police bail.

Mr Thurlbeck, 37, was charged with an offence under the Prevention of Corruption Act and one count of criminal conspiracy.

The detective, who lives in Bedfordshire, was charged last Friday with criminal conspiracy. Both men are to appear at Mid Herts magistrates' court in St Albans on 12 April.

## SCOTTISH FEE SUPPORT REVIEW CALL FOR EVIDENCE

The Government has appointed the Scottish Fee Support Review to examine the fee support arrangements for students from England, Wales and Northern Ireland who will be in the final year of honours degree courses at Scottish universities and colleges from 2001/02 onwards. The Review invites evidence by 31 March 1999.

If you would like to submit evidence or views, please write to:

Scottish Fee Support Review  
Fourth Floor  
35 Old Queen Street  
London SW1H 9JA  
or  
scottishfee.supportreview@dfce.gov.uk

Questionnaires are being sent to students' associations and other representative and funding bodies, as well as to universities and colleges. If you would like a questionnaire or guidance on the form that your evidence might take, please either write to the address above or telephone the Review's Secretariat on 0171 233 0352.

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# Science mania: read all about it

WHO WANTS to read about imaginary heroes when you can thrill to the story of the tulip, reread a page-turner about a chronometer or devour the history of an eastern spice? Publishers and booksellers agree that narrative non-fiction is becoming increasingly popular, marking out the trend started by Dava Sobel's *Longitude* as one of the key changes in publishing of the Nineties.

Relating what would once have been a dry scientific, botanical or zoological history through a racy narrative with plot development, climax and adventure is undoubtedly the central part of the genre's success. But what also counts is the way they sell them.

The packaging – slim, narrow hardbacks managably small both in size and volume of words – has been part of the appeal. *Longitude*, the story of John Harrison's invention and development of an instrument to help sailors to navigate, was compact, easy to handle and started the trend for slightly cheaper hardbacks at £12.

*The Tulip*, by Anna Pavord, breaks an aspect of that trend, being very large and costing £20, but is a lavishly illustrated, richly detailed narrative of the history of the flower, as informative about "tulipmania", when a tulip bulb could be exchanged for a house alongside the canal, as it is about the Huguenots.

The books have historical themes, but impart information about the era or succession of eras by tracing the progress of an arcane object or phenomenon rather than a political development. Having said that, a number of narrative non-fiction tend to have in common an almost stirring romantic tale of determined ambition, be it to invent, trade or make a scientific breakthrough. Harrison's battle with the scientific establishment of the day in

BY DAVID LISTER  
Arts News Editor

*Longitude* is as crucial to keeping the reader's interest as descriptions of his timepieces. The scholarly has become romantic.

Dava Sobel's *Longitude* has sold 630,000 copies in the United Kingdom alone. Other praised examples of the genre include *Permat's Last Theorem* by Simon Singh, the story of the struggle to solve a 17th-century mathematical puzzle; Janet Gleeson's *The Arcanum*, about the invention of porcelain; Michael Alim's *Zarafa*, the story of a giraffe's journey from the African plains to early 19th-century Paris; *Cod* by Mark Kurlansky, a history of the fish; and the soon-to-be-published *Noah's Ark* by Giles Milton, the story of how a forgotten British hero, Nathaniel Courthorpe, fought the Dutch in the 17th century for control of a tiny spice island in the East Indies to trade in nutmeg when it was the most valuable commodity in the world.

Last week, *The Elegant Universe* by Brian Greene, a physicist, was published in Britain. An exploration of "string theory", its American edition outsold the latest John Grisham thriller for three days last week through the Internet distributor Amazon.

And now Pavord's bestseller *The Tulip* will be followed later this year by another exploration of the flower by the writer Mike Dash and a novel featuring tulips by Deborah Moggach.

Nigel Newton, managing director of Bloomsbury, said: "The British have always been obsessed with biographies. Perhaps our interest in people, the great figures who shaped history, is now transferring into an interest in things."

Another narrative non-fiction bestseller has been *The Perfect Storm* by Sebastian Junger, tracing

THE ARCANUM WORLD OF BRITAIN'S MOST UNLIKELY BESTSELLERS

	The Tulip	Longitude	Cod	The Arcanum	The Elegant Universe
AUTHOR	Anna Pavord	Dava Sobel	Mark Kurlansky	Janet Gleeson	Brian Greene
PUBLISHER	Bloomsbury (£30)	Fourth Estate (£12)	Jonathan Cape (£12.99)	Bantam (£12.99)	Jonathan Cape (£18.99)
PLOT	Deals with the phenomenon of Tulipmania in Dutch history, but Tulipmania is now also affecting the book's publishers. Next month Bloomsbury will put on sale a set of postcards drawn from illustrations in the book.	The first of the genre, and the first to show its scope. Now also a coffee table book. It is John Harrison's chronometer – its subject – that makes Delboy and Rodney's fortune in the final episodes of <i>Only Fools and Horses</i> .	The thousand-year story of the pursuit of the species – from the Vikings to Captain Birdseye – and how it expanded cultures half way across the globe, causing conflicts over fishing grounds that continue to this day.	Centres on the first European porcelain factory at Meissen and Johann Friedrich Bottger, a chemist obsessed with the Arcanum: how to turn base metal into gold. This leads to the discovery of the Arcanum for white gold: porcelain.	The string theory or super string theory as it is sometimes called is said to be the most difficult in physics. The author first became obsessed with it when he was at Oxford University.
THE CRITICS SAID...	"Written by a scholar, reads like a thriller. It is a passionate masterpiece."	"True-life thriller packed with political intrigue, international warfare, personal feuds and political skulduggery."	"Reveals the importance of this wonderful fish in world history. An epitaph and a warning."	"Mastery of a technically tricky subject, but fails to take us with her into the furnaces at Meissen."	"Not since Stephen Hawking has a scientific book caused such a stir."

ing the plight of fishing boats in a savage gale off the New England coast and informing about fishing, boat construction and weather patterns in a gripping narrative. Last year also saw

*Man Flies* by Nancy Winters, a look at the pioneering of balloon flight by the Brazilian Alberto Santos-Dumont in the early years of the century. Again it was a tale of personal

struggle alongside technical information. Soon after his success, Santos-Dumont contracted multiple sclerosis and committing suicide. Noel Murphy, production

manager of the bookshop chain Waterstone's, said: "The key is it is history made approachable. Most of these books are brightly coloured. *The Tulip* is a good example. You could write a

very dry tome about the economic impact. But this drives the reader forward." Perhaps there is another advantage to the genre. Derek John, a director of the literary

agency A.P. Watt, said: "I do wonder whether the demand for these compact, exquisitely written books is partly due to people having shorter attention spans in an overloaded culture."

## DEBORAH ORR



There's an ideological clash between good gay sex and bad gay sex

IN THE WEDNESDAY REVIEW PAGE 5

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BUILDING RELATIONSHIPS



# Adams and Trimble raise hopes

A MEETING between the Ulster Unionist leader, David Trimble, and the Sinn Féin president, Gerry Adams, in Belfast yesterday produced no breakthrough in the peace deal but made what was described as a "limited amount of progress".

That phrase created a stirring of interest, given that progress has been in such short supply lately on the questions of IRA arms decommissioning and the formation of a new Northern

BY DAVID MCKITTRICK  
Ireland Correspondent

Ireland executive. The fact that the two sides had agreed to meet again was also seen as important.

Mr Trimble and Mr Adams were accompanied by their deputies, John Taylor and Martin McGuinness.

Earlier yesterday Mr Adams also met Mo Mowlam, the Secretary of State for Northern

Ireland. Ms Mowlam gave the parties an ultimatum to resolve the decommissioning issue by the week of Good Friday (29 March to 2 April) when she will begin the transfer of powers to the Stormont Assembly.

Emerging from the meeting, Mr Adams said it was a "mistake" for the British Government not to transfer powers to the Stormont assembly now, as earlier envisaged.

It was announced yesterday

that the Northern Ireland political development minister, Paul Murphy, has invited two representatives from each party to round-table talks tomorrow on how to advance the peace process. This is seen as part of a government attempt to bring fresh momentum to the process leading to intensive negotiations in the last week of March.

Speaking after yesterday's meeting Mr Trimble described the encounter as significant,

though he added that the extension of the political deadline from the original target date of 10 March had meant it was "a bit of an anti-climax". He went on: "I have, throughout this process, been confident about what will ultimately happen, namely that this process will succeed. We've made it clear throughout this that the requirement for decommissioning applies to Loy-

alist and republican paramilitaries."

The Unionist leader added: "Paramilitaries know in their hearts, even if they are not prepared to say so publicly, that they must decommission. It's not a question of whether, it's a question of when."

Mr Adams urged all sides to use the next few weeks to make progress. He said: "There is a huge responsibility on the British Government

to implement this Agreement. There is a huge onus on the Irish government and there is also a huge onus on all the other political leaderships in this situation."

"The delay has not been helpful and unless people assert themselves to fulfil the agreement then the people who voted on this island are going to be the people who are sorely disappointed and the

only people who will be satisfied with that are those who want the peace process to fail."

Mr Adams confirmed that he had been informed of a death threat to him in recent days and said he was taking the warning seriously. But he added that he would not deflect him, or the Sinn Féin leadership, from pursuing their current policy.

Common aims, Common Review, page 3

## Hague looks for team of fresh faces

MICHAEL PORTILLO yesterday blamed Michael Howard's decision to retire from the Tory front bench on the foreign affairs spokesman's "image problem".

Mr Howard, 57, has had trouble living down Ann Widdecombe's claim that there was "something of the night" about him.

Mr Portillo, a former Tory cabinet minister who lost his seat at the last general election, said on BBC radio yesterday: "He has obviously had, let's be frank, an image problem. He may well feel he can do more good for the Tory party from the back benches and doing work on policies ... than he is now able to do on the front benches."

Mr Howard said that 14 years on the front benches was "probably long enough for anyone". But Margaret Beckett, Leader of the House, said: "Michael Howard's personal unpopularity is a convenient excuse for Tories unwilling to face up to the reality of their party's failings."

His departure will be used by William Hague, the Tory leader, to cut out some of the dead wood from the Shadow Cabinet in his next reshuffle to answer criticism in the party's private polling that the Conservatives are still seen as remote, out of touch, and out of date.

Ms Widdecombe, who effec-

BY COLIN BROWN  
Chief Political Correspondent

tively killed Mr Howard's leadership prospects, is likely to gain promotion from the health portfolio to become home affairs spokeswoman, replacing Sir Norman Fowler, who could also leave the front bench this summer.

Mr Howard's decision to resign from the Shadow Cabinet, while staying on as MP for Folkestone and Hythe, was also seen at Westminster as an admission that he does not believe the Tories can win the next general election under Mr Hague.

Mr Hague's failure to make an impact on Tony Blair's lead in the opinion polls has reinforced the conviction among leading Tories that fresh faces are urgently needed to give the party a new start.

Those being tipped for promotion include Theresa May, an education spokeswoman who has been compared to a young Margaret Thatcher; Richard Ottaway, who changed Tory policy to support the post for an elected mayor for London; Andrew Lansley, the former head of research, who is leading a review of policy for the general election; Cheryl Gillan, a spokeswoman on foreign affairs praised for being a safe pair of hands; Phil Hammond, a talented spokesman on health in Ms Widdecombe's team; and Damian

Green, a rising star in the education and employment team well thought of by Mr Hague. Despite the criticism, Mr Howard, one of the few big hitters on the Tory front bench,



Michael Howard: His departure will be used by William Hague to cut dead wood from his team Brian Harris

will be a big loss to Mr Hague's team. The foreign affairs spokesman's shoes will be difficult to fill, given the sensitivity of handling the issue of Europe. John Maples, the for-

mer health minister, is being tipped as a possible contender. Another former cabinet colleague, Sir Brian Mawhinney, said: "He's made Robin Cook look like one of the more pathetic

Foreign Secretaries that this country has had in many years."

Mr Hague is planning to use a speech to his party's spring forum in Reading at the weekend to draw a line under the

Tories' 18-year record in office and move the Conservatives on to "bread and butter" issues. "We are not talking about apologising for our 18 years in office. It's not about apologising,

We had some successes and we made some mistakes. But it's about moving on to a new agenda," he has said.

Leading article, Review, page 3

### THE RISING STARS



Andrew Lansley: Leading a review of policy for the general election



Phil Hammond: Considered to be talented spokesman on health for the party



Richard Ottaway: Changed party policy to support an elected mayor for London



Theresa May: Has been compared to a young Margaret Thatcher



Damian Green: Influential member of the education and employment team



Cheryl Gillan: A foreign affairs spokeswoman and seen as a safe pair of hands

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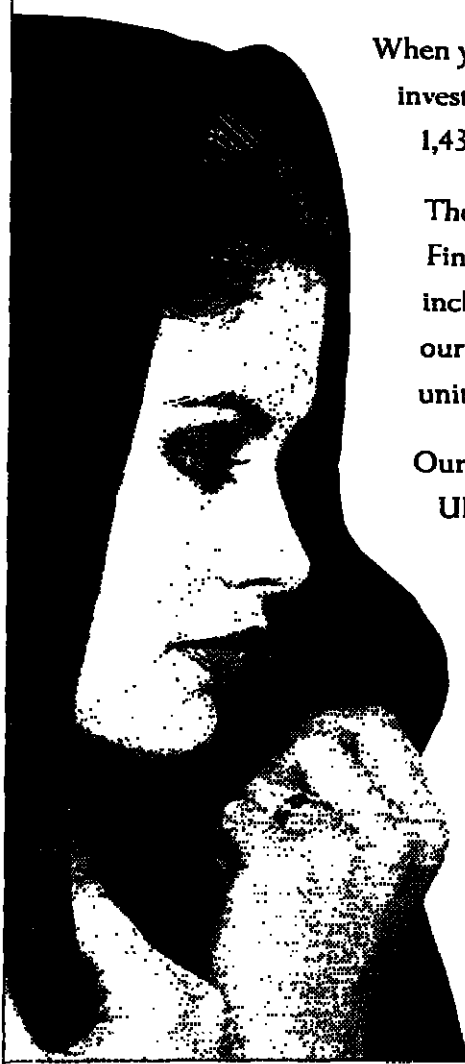
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## New countryside chief speaks up for ramblers

THE MAN who is to head the Government's new Countryside Agency is denying a suggestion that he is against giving more rights to ramblers.

Ewan Cameron spoke out yesterday as the controversial decision to appoint him chairman of the agency was criticised by walkers, who say he is more interested in protecting farmers' interests.

But Mr Cameron, former president of the Country Landowners' Association (CLA), said he had ramblers' interests at heart. He also denied there was any conflict of interest in holding the post, saying: "When I was with the CLA, I was always trying to promote access ... not only trying to ram-

RIGHT TO ROAM  
BY AMANDA BROWN

it home to CLA members, but also local authorities.

"I used to go and speak at ramblers' annual general meetings. It's something that has been on my agenda for many years."

Mr Cameron said he could understand the impression some people might have that his "provenance is not exactly pro-access," but he was now doing a different job.

The new Countryside Agency will have to map out huge tracts of mountain and moorland, heath and common land that the Government has announced will be opened up to

ramblers under right-to-roam laws.

Walkers fear this process may take years, and that landowners could retain the option of blocking access by fighting for their rights in local access forums. Final decisions will be taken by the agency.

Mr Cameron added: "I am in a different constituency now. Then I was representing a different organisation (the CLA) and while I was trying to promote increased access, that organisation decided access should be made by voluntary means. I am now in charge of an organisation that represents the countryside in government."

He said the announcement by Michael Meacher, the Envi-

ronment minister, of new legal rights for walkers was a "sensible way forward and having the presumption in favour of access, must be the better route".

He went on: "It's clearer for everyone concerned. It's clearer for the walker and it's clearer for the landowner, providing the rules allow for the proper economic and environmental management of the land, then this must be the best way forward."

"I think my experience in terms of integrating access into other land uses is going to be very useful."

"Rights of way are probably going to be much more important to more people than the rights to roam over open countryside."

### QUESTIONS AND ANSWERS

#### Bombs on Iraq

A TOTAL of 28,560kg of bombs were dropped by British forces on Iraqi military targets during Operation Desert Fox in December last year; the Secretary of State for Defence, George Robertson, said.

#### Drugs in jails

THE AMOUNT of cannabis discovered in Northern Ireland's prisons has dropped from 314 grams in 1996-97 to 79 grams last year, a Northern Ireland minister, Adam Ingram, disclosed.

#### Ethnic help

A TOTAL of 249 of the 5,771 firefighters in the London Fire Brigade are black or from another ethnic minority group, a Home Office minister, George Howarth, said.

## British drive to stop children joining armies

REDUCING THE number of child soldiers will be among the main aims of a British initiative to reform Third World security services.

The drive to cut the number of child troops - estimated at up to 200,000 worldwide - was unveiled by the Secretary of State for International Development, Clare Short, in a speech to the Institute for Defence Studies, in London yesterday. She was giving details of how a proportion of Britain's £2.4bn-a-year international aid budget will be used for the first time to back military reform in the developing world.

"It is terrible that children - some of them as young as nine or ten years old - are forcibly recruited into the military and made to kill and commit atrocities," Ms Short said. She added that in collaboration with the United Nations, Britain had committed itself to trying to reduce the number of children involved

DEVELOPMENT  
BY JOHN DEANE

in armed conflicts over the next three years.

There was sound logic behind channelling aid-budget funding into reforming security services, including the military, paramilitary and intelligence services. One of the principal obstacles to poverty reduction, Ms Short said, was the existence of "bloated, secretive, repressive, undemocratic and poorly structured security sectors in many developing countries."

She added that the "objective is to help to promote stability and peace through making the security sector more transparent, accountable and subject to proper civilian control."

There was no question of development resources being used to strengthen military forces' aggressive capability, or of being linked to arms sales.

### THE HOUSE



#### Fares pegged

GLENDIA JACKSON, the London minister for Transport, gave reassurances to MPs that Tube fares will not rise above 1 per cent until 2002.

#### Kabbah talks

MPs WELCOMED reports from Robin Cook, the Foreign Secretary, that Sierra Leone's President Ahmad Tejan Kabbah had started dialogue with rebel fighters in the country.

#### Today's agenda

Commons: 9.30am for backbench debates; 2.30pm: International Development questions; Prime Minister's Questions. Budget debate, second day. Debate on testicular cancer.

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A full regime of Arabic teaching is planned for King Fahad Academy, west London, after GCSE scores doubled

Neville Elder

## Islamic curriculum for top secondary

BY BEN RUSSELL

ENGLAND'S FASTEST improving secondary school is to abandon its British curriculum and replace it with a full regime of Arabic teaching.

The King Fahad Academy topped last autumn's league tables after nearly doubling its GCSE scores in four years.

Ninety per cent of children at the school in Ealing, west London, gained five or more good GCSEs last year, up from 46 per cent in 1995, putting the academy among the best in London.

But the independent school, which was built on the orders of King Fahad of Saudi Arabia, has decided to phase out traditional English primary classes, GCSEs and A-levels, in favour of an Islamic curriculum as practised by Saudi schools.

The school was set up to serve the Saudi expatriate community, but now draws children of Muslim families from many of the local ethnic minorities. Trustees of the 1,000-pupil school will phase out the pre-

sent curriculum for new entrants to the school from September of this year.

Pupils at the separate boys' and girls' schools already spend about a quarter of their time on Islamic studies and learning Arabic. But at present they also study for national curriculum tests, GCSEs and A-levels.

The new Saudi lessons will all be in Arabic, but will include English taught as a foreign language.

Some parents have expressed opposition to the plan, though, arguing that no other schools offer the combination of English exams and Islamic and Arabic culture.

One said: "There is nothing in this area which is anything like the academy. The Muslim community is huge. What are parents going to do if their children have siblings who they were planning on sending to the school?"

Another said: "I don't really agree with what they are doing. My daughter has done very well, but I really sent her there for the Islamic studies, which is hard to get elsewhere."

Under government rules, independent schools in Britain are under no obligation to follow the established national curriculum.

Paul Burtenshaw, head of the academy's boys' upper school, said the school's trustees, chaired by the Saudi ambassador, were bringing it into line with other Saudi schools, including those in Washington and Bonn.

But he stressed that the change would be phased in over several years and all children currently at the school would be able to complete their studies in English.

The academy, which has sites in Ealing and Acton, is funded by grants from the Saudi government, which also provides bursaries for some of the pupils.

## Schools in 'worst borough' improve

BY BEN RUSSELL  
Education Correspondent

SCHOOL STANDARDS have risen sharply in the "failing" local authority branded the worst in Britain, according to unpublished test scores obtained by *The Independent*.

National curriculum tests for pupils aged 7, 11 and 14 show schools in Hackney, east London, improved by up to three times the national rate.

Local government leaders insisted yesterday it would be a "disaster" if the Government drafted in contractors to take over the education authority's functions. The largest teaching union said the troubled council had "turned the corner".

The *Independent* revealed last week that ministers were preparing to take direct control of the education authority, which could be the first to have its functions handed to private-sector consultants.

Test results are still well below national averages, but scores for pupils aged 7 and 14 are up. The number of seven-year-olds gaining expected standards in reading is up from 64 per cent to 70.

In maths, the score rose from 69 per cent to 76 and the science score increased from 70 per cent to 76.

In English for 14-year-olds, the proportion gaining expected standards rose from just 36 per cent in 1996 to 45 per cent last year. Maths and science pass rates were also up.

The borough has closed its number of failing schools, bringing four primaries - St Monica's, St Paul's and St Michael's, Morningside and St Matthias - out of "special measures".

The Local Government Association has demanded to meet David Blunkett, the Secretary of State for Education and Employment, to prevent a takeover of Hackney council's education department.

Graham Lane, Labour edu-

cation chairman of the LGA, said he wanted to persuade ministers to allow local government experts to support Hackney as a way of avoiding an outright takeover.

He said: "If they send in a private company all they will have is civil war with the Government. To hand Hackney to the private sector is totally unacceptable and if they do it they will have serious problems with local government. Privatisation is not the way forward."

Earlier this year, Mr Blunkett invited expressions of interest from firms and local authority departments prepared to take over failing local authorities in whole or part.

Officials have already been contacted by 96 groups and companies interested in consultancy work and 107 organisations interested in taking over council functions.

Potential private sector bidders could include Nord Anglia, a multi-million pound company that runs several independent schools, as well as being a major provider of privatised careers services. CFBT, a not-for-profit consultancy that is a main supplier of Ofsted inspectors, would also be a possible contender.

Hackney brought in CFBT last year as consultants to turn round Rams Episcopal Primary, a failing school. The firm is also heavily involved in the Lambeth education action zone in south London.

Doug McAvoy, general secretary of the biggest classroom union, the National Union of Teachers, said the east London borough had started to "turn the corner". He said: "Our members feel the authority, whilst not having done everything to turn things round, has made tremendous strides."

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# Victims' rage at Aids trial verdict

VICTIMS AND their families reacted with cynicism, outrage but little surprise yesterday when a special court in Paris absolved two former ministers and imposed no punishment on a third for their role in the contamination of French blood banks with the Aids virus in the mid-1980s.

The former prime minister Laurent Fabius was cleared by the semi-judicial, semi-political court, which accepted his claim that he had accelerated, not delayed, the systematic checking of blood stocks for HIV. His former social affairs minister, Georgina Dufoux, was found not guilty of manslaughter and bodily harm but reprimanded for incompetence.

The third defendant, the former junior health minister and Mayor of Rennes, Edmond Hervé, was found guilty of failing to prevent contaminated

BY JOHN LICHFIELD  
in Paris

blood-stock samples from being used in two cases. But the Cour de Justice de la République, a panel of three judges and twelve politicians hearing its first case, decided no punishment should be imposed.

"Why not give them the Légion d'honneur," shouted Patrice Gaudin, father of two haemophiliac children who died of Aids after being given HIV-infected blood products. Joelle Bouchet, whose son caught Aids in similar circumstances, shouted: "Murderous state. The justice system is its accomplice. You have blood on your hands, Mr Hervé."

The three former ministers were accused of having delayed the systematic checking of blood stocks for commercial reasons from March or April

until August of 1985, exposing 300 to 600 people to the Aids virus. About half have since died. The two junior ministers were charged with allowing the state blood service to use old blood products for haemophiliacs rather than incur the cost of destroying them.

The main case against the ministers rested on the claim that the Fabius government intervened on behalf of Diagnostics Pasteur, a French company struggling to complete its own system for testing blood for HIV. As a result, it was said, the use of a rival American test was blocked and delayed.

All three ministers denied this version of events, as did the man who at the time was head of Diagnostics Pasteur, Jean Weber, despite documentation that he led a successful protectionist campaign

through his contacts in the Fabius government.

Victims and their families were outraged that the court made no attempt to cross-examine the accused or witnesses, despite apparent discrepancies in their statements to the court.

Jean-François Mattéi, a liberal member of the French parliament, described the trial as a "triple failure - politically, judicially and morally".

The affair is not over. This week an investigative judge is expected to make a much-delayed decision on whether to proceed with criminal cases for "poisoning" against a dozen senior officials also involved in the affair, including Jean-Pierre Allain, then deputy head of the French blood service, who has since become professor of haematology at Cambridge University.



Sylvie Rony leaving court after the verdict yesterday. She was given infected blood during childbirth. AP

## Coup for French as Eta trio snatched

IN A coup for the French and Spanish authorities, anti-terrorist police arrested three leading members of the Basque separatist organisation, Eta, in Paris yesterday - hours before a visit from the Spanish Prime Minister.

Two other Eta members were arrested in co-ordinated raids on a hotel and an apartment in the French capital after a lengthy inquiry and surveillance by French and Spanish security services. The biggest catch was Javier Arizcurte-Ruiz, known as "Kantauri", who is head of Eta's military wing. But police said they had also arrested Iñaki Gallastegui Sodupe, the most wanted woman in Spain, who is believed to have been involved in the assassination of the young conservative politician, Miguel Angel Blanco, in July 1997.

This pair, and two other suspected Eta members, were arrested as they left a hotel in the 11th arrondissement, near the Place de la Bastille in eastern Paris. Only Ms Gallastegui Sodupe put up any resistance. A few minutes later, two men were arrested and a computer seized at an apartment in the 15th arrondissement in south-western Paris.

Eta has been observing a truce since September. There was speculation that yesterday's arrests might cause the group to break the ceasefire, though French officials suggested that the arrest of these hardliners might push the peace process forward.

Later yesterday, the Spanish Prime Minister, José María Aznar, held talks with his French counterpart, Lionel Jospin, before lunching with

BY JOHN LICHFIELD

President Jacques Chirac. The Eta members, thought to have been in Paris for some time, are not suspected of planning an attack on Mr Aznar. It seems more likely that the arrests were timed by security services in Paris and Madrid to coincide with the official visit and thereby magnify the public impact of the coup.

Anti-terrorist police are said to have monitored a meeting between the six at a café in Paris the previous evening.

The other arrested suspects were named as Jesus Maria Puy Lecumberri, Mikel Zubimendi Besarasategui, José Ignacio Herranz Bilbao and Juan Maria Sampedro Blanco.

There is likely to be a heated legal battle over their extradition to Spain. In theory, French courts refuse to extradite people accused of "political offences". In recent years that definition has been held to exclude crimes of terrorism, but the French and Spanish authorities will have to produce evidence of the involvement of the six in terrorist attacks.

Mr Aznar has said he is willing to hold talks with Eta representatives but that a permanent secession of the Basque country from Spain would not be on the agenda. Asked about the truce in an interview with *Le Monde* yesterday, he said: "Every day without a death is a step forward... but it would be naive to think that after 30 years of terrorism everything can be resolved in a few weeks."

Eta is estimated to have killed 800 people during its 31-year struggle for the independence of the Basque country in north-eastern Spain.

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# Cook tells Kabbah to deal with rebels

PRESSED BY his two biggest foreign supporters yesterday, President Tejan Kabbah, Sierra Leone's elected leader, promised to seek serious negotiations with his enemies in order to end the savage two-year civil war which has reduced his country to ruins.

At a joint meeting here, Robin Cook, the Foreign Secretary, and Nigeria's caretaker ruler, General Abdulsalam Abubakar, are understood to have delivered similar messages to President Kabbah: that the war was unwinnable and that a diplomatic solution, however difficult, was the only option.

Although he ruled out an

early withdrawal of Nigerian troops from Sierra Leone, General Abubakar said Nigeria wanted to reduce its forces, while increasing the effort for peace.

Mr Cook asked General Abubakar to keep his troops in Sierra Leone and offered aid, Nigerian officials said. "The British made a plea that we should not pull out our troops from Sierra Leone and offered financial assistance," General Abubakar's spokesman said.

Yesterday's encounter came in the aftermath of the New Year offensive by the rebels, led

by the Revolutionary United Front (RUF) which came within an ace of taking the capital, Freetown. After days of bloody fighting the rebels were pushed back by Ecomog, the mainly Nigerian regional military force, which is all that stands between President Kabbah and certain overthrow.

That crisis, just 10 months after the Sierra Leone President was restored to power by Ecomog, convinced Britain that the rebels cannot be defeated on the battlefield.

Based in the east of the country, the rebels draw support from Liberia and Burkina Faso and control Sierra Leone's diamond trade.

Moreover, Nigeria is economically stricken. On the brink of a return to civilian rule under the President-elect, Olusegun Obasanjo, the country is losing patience with an unpopular war that has taken some 900 Nigerian lives and is costing an estimated \$1m a day.

During the election campaign, Mr Obasanjo indicated he wanted Nigeria out of Sierra Leone by the time he takes office in May.

Although he has since dropped talk of a specific deadline, diplomats believe that the main reason keeping him there is the need to secure an honourable managed exit, which

would preserve the credibility of the region's biggest power.

At least for Mr Cook, his visit here makes a change from the political furor in Britain over the Sandline affair, and alleged clandestine Foreign Office support for arms deliveries to the Kabbah government.

"I only wish 50 per cent of the interest poured into Sandline had been devoted to the real situation in Sierra Leone," Mr Cook said.

Britain has spent £30m over the past year on Sierra Leone, including £10m announced only last week to help to finance Ecomog, train a new Sierra Leone army and encourage the start of peace talks.

"Negotiations have to be part of the solution, but there's no guarantee that they will succeed," Mr Cook said.

The Foreign Secretary is the first leading Western official to meet General Abubakar since the presidential election of February 27, which sealed Nigeria's return to democratic rule. Mr Cook described the visit as a chance for "a fresh start" in dealings with Nigeria, which is to rejoin the Commonwealth in three months.

Nigerian officials hope that Britain will persuade other Western countries to provide badly needed debt relief and financial help at a time when oil prices have sunk to new lows.

Mr Cook said he expected Nigeria to be restored to full membership of the Commonwealth, from which Africa's most populous country was suspended in 1995 for human rights abuses under the late dictator Sani Abacha.

Mr Cook will conclude the four-day trip to West Africa by embarking on a joint mission to Ghana and Ivory Coast with his French counterpart, Hubert Vedrine.

The pair will meet the leaders of Ghana and the Ivory Coast. They will also chair a conference of British and French ambassadors and High Commissioners from around the continent.



Kabbah: beleaguered

## Holbrooke delivers ultimatum to Serbia

AMERICA'S BALKAN trouble-shooter, Richard Holbrooke, arrived in Belgrade yesterday on a mission to press Slobodan Milosevic into accepting a Kosovo peace deal.

Mr Holbrooke will tell the Yugoslav President bluntly that now Kosovo's Albanians have agreed in principle to a deal, Nato aircraft will start bombing Yugoslav military targets if he blocks the agreement.

The US emissary, architect of the 1995 peace deal that ended the savage ethnic war in Bosnia, arrived at noon. He was not expected to meet Mr Milosevic until today.

His task will be to cajole or bully the Serb leader into accepting the presence of a foreign military force in Kosovo to implement the three-year interim agreement.

Another US Balkan envoy, Christopher Hill, who met commanders of the rebel Kosovo Liberation Army on Monday, also travelled to Belgrade yesterday to increase the pressure on Mr Milosevic.

Western diplomats say the guerrilla leaders are ready to authorise a signing of the deal but remain opposed to the inclusion of Russian troops in any peace-keeping force.

The presence of fellow Orthodox Slavs is seen as a concession to Mr Milosevic, who might then be able to sell to his public the idea of a foreign army on Yugoslav soil.

Despite the now familiar

display of brinkmanship, observers in Belgrade expect Mr Milosevic to agree to the deal, which is supposed to be signed by 15 March, when both sides are to gather in Paris for another round of talks.

"Now that the KLA has accepted the Kosovo peace plan, Milosevic will probably have to accept some kind of compromise," the authoritative VIP newsletter said yesterday.

"Milosevic most probably believes Holbrooke is his best chance for a good bargain."

Until now, the Yugoslav position has been that Belgrade might accept a political deal granting Kosovo autonomy for three years. But the stationing of foreign troops on Serbian territory would not be countenanced, certainly not a Nato-led force.

Mr Milosevic already knows his only chance to lift international sanctions will come if he strikes a deal on a Kosovo peace force.

Yugoslav officials are still talking tough. "We won't give an inch of our Serbian and Yugoslav territory," said a senior Socialist Party official yesterday. But this sort of headline approach is intended only for domestic consumption.

In fact, the state-controlled media seems to be softening up the population for the eventual loss of Kosovo, and is not



A casualty of the conflict in Kosovo crossing the damaged 14th-century 'Turkish Bridge' in the town of Vucitrac

Petar Kujundzic/Reuters

## Neo-Nazi bomb blast wrecks army war crimes exhibition

A BOMB believed to have been planted by neo-Nazis yesterday ripped through Germany's controversial Wehrmacht exhibition, which seeks to highlight the crimes committed by Hitler's regular army.

The blast shattered glass and caused extensive damage to the collage in Saarbrücken that has housed the travelling exhibition since last month. No one was hurt.

Police said the assailants had used an electrical detonator, suggesting a level of sophistication not normally associated with neo-Nazi groups. There had been indications recently that the far right was acquiring weapons, but until now well-planned

bomb attacks had been thought to be beyond its capabilities.

Since opening nearly four years ago, the display has provoked angry protests in almost every town it has visited. In Munich, neo-Nazis clashed with left-wing counter-demonstrators.

The exhibition, sponsored by the tobacco magnate Jan Philipp Reemtsma, purports to show that some members of the regular army were willing participants in war crimes, including the extermination of Jews. Visitors are confronted with diaries of Second World

War soldiers, letters sent home from the front, and soldiers' own photographs.

Some of the pictures are especially harrowing. They show Wehrmacht soldiers standing by improvised gallows, or meeting out punishment to the civilian populations of occupied eastern Europe.

The exhibition was put together to puncture the convenient official myth that attributes the Holocaust to "Nazis", rather than to Germans. War crimes, according to this view of history, were perpetrated almost exclusively by the Waffen SS and other elite Nazi troops.

Many Germans cling to this version, including the main

opposition, Christian Democrats, who banned the exhibition from Bonn's History Museum last year.

A spokeswoman for the organisers, the Hamburg Institute for Social Research, said she was shocked and surprised. The attack, she said, showed "how urgently needed such an exhibition is".

A neo-Nazi splattered some of the exhibits with paint two years ago and the organisers had received frequent bomb threats in the past. The display has so far toured 30 towns and cities in Germany and Austria, and has been seen by 700,000 visitors. Before yesterday's attack, there were plans to take it around Europe.

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## UN defied over 'Butcher' trial

"THE BUTCHER", otherwise known as Ta Mok, the notorious one-legged Khmer Rouge military leader, will face a Cambodian court on charges of genocide.

The Phnom Penh government has ignored a United Nations request for the perpetrators of the "Killing Fields" to face an international tribunal for crimes against humanity.

The capture of Ta Mok at the weekend has blown open again the question of where and how former Khmer Rouge leaders should be tried. Two former Pol Pot henchmen, Khieu Sam-

phan and Nuon Chea, also implicated in the 1975-79 Khmer Rouge regime that left a million dead, were allowed to go free, even visiting the capital.

The initial questioning of Ta Mok ended yesterday, said General Sao Sok, a military court prosecutor. Under Cambodian law, Ta Mok will have to be charged by this afternoon.

Sao Sok said Ta Mok would face charges under 1994 anti-Khmer Rouge legislation, and

they would include genocide. The general did not say whether the trial would be military or civilian.

Human rights groups have attacked the Phnom Penh government for refusing to support an international UN tribunal. Cambodia's Prime Minister Hun Sen, has said he favours a process of reconciliation, similar to that in South Africa.

Ta Mok is likely to be the token defendant, while the others escape justice. But he is certain to implicate former Khmer Rouge comrades, and that would embarrass Hun Sen and

his government for allowing Khieu Samphan and Nuon Chea to go free. The two told reporters earlier this year they were "sorry" for the deaths under the Khmer Rouge.

Sao Sok said Ta Mok has blamed the genocide on Pol Pot, Khieu Samphan and Nuon Chea. Pol Pot died last April after Ta Mok took him captive and offered to hand him to the Americans for trial.

One source said Pol Pot discovered Ta Mok's plan from Voice of America radio and killed himself. Other sources said Ta Mok poisoned him.

# Why Israel didn't avenge its general



Israeli soldiers prepare to board a helicopter near the Israel-Lebanon border

Yaron Kaminsky/AP

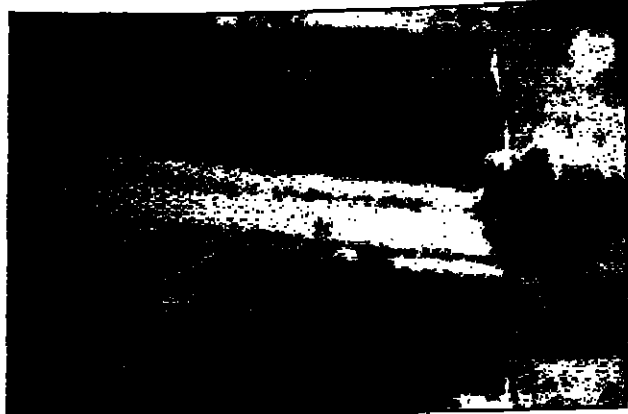
BY ROBERT PISK  
in Jmejhneh, south Lebanon

REMEMBER ALL those Israeli tanks and armoured personnel carriers grinding towards the Lebanese border last week after the killing of Brigadier General Ezer Gerstein and two of his Israeli soldiers?

The pictures looked pretty dramatic on television. The BBC and CNN both showed this armoured behemoth en route to Lebanon. Yet - unreported, of course - not a single one of those tanks and guns crossed the border.

Then there was the videotape of Israeli air strikes on Lebanon in revenge for the killings 10 days ago. The tape shows targets exploding in clouds of smoke and debris. But the "massive bombardment" announced by the Israelis turns out to have been routine. Not a single Hizbollah guerrilla was killed. The video war was definitely won. But what about the real war in southern Lebanon?

The Israeli videotapes were genuine enough. In the wadi of Jmejhneh just outside Tibnin



In a video still from an Israeli pilotless 'drone', the Hizbollah gunman (ringed) runs for his life, shouting at a woman to stay away in case she is also targeted

- scarcely three miles from the Israeli occupation zone - the wreckage of a Hizbollah building that may also have been an arms depot still lies across the fields, the cliff face against which it was built as ifured in reality as it appears on the film taken by the Israeli jets that attacked it. A neighbouring school was not touched by the guided BSU-12/B 500lb bomb. Up the Lebanese coast at Naahmeh, a long-abandoned

triangular building once used by Palestinian guerrillas - clearly visible on the Israeli aircraft camera tape - lies flattened, its concrete fabric scattered around the long grass. But it wasn't Palestinians who killed General Gerstein and his comrades last week. In Baalbek, the Hizbollah had moved out of the decrepit and long-disused Khawam hotel before the Israelis hit it. In other words, the Israelis' pre-strike intelligence was accurate at Jmejhneh, out-of-date at Baalbek and hopeless at Naahmeh.

Not so the Hizbollah's. It now transpires that the stretch of road on which General Gerstein and his soldiers were travelling - with an Israeli radio journalist - was, for the Israelis, the safest piece of highway in southern Lebanon. Running as it does between Christian and Druze villages, a Shia Muslim group such as the Hizbollah would have had immense difficulty penetrating the area without being discovered. Yet the carefully shaped charges used in the ambush would have needed at least four men to plant, men who would have had to wait for the Israeli convoy, detonate the explosives by line of sight and make good their escape afterwards.

There is no doubt that Lebanese guerrillas blew up General Gerstein's armoured Mercedes. And that they knew he was coming. But could the guerrillas have been Druze or Christian militiamen working for the Hizbollah? For months now, the Hizbollah have been boasting of a guerrilla movement of all religions operating as an anti-Israeli resistance force in southern Lebanon. A computer-generated reconstruction of the attack - again released on videotape by the Israelis - showed how specifically and accurately the guerrillas had attacked General Gerstein's car, tossing it 120ft down a ravine. But it doesn't reveal how the guerrillas escaped. Which leaves open an intriguing question: did Israel's enemies live inside Israel's own occupation zone?

The only civilian Israeli casualty, the 32-year-old journalist Ian Boeh, knew this road well.

Of all the correspondents covering the south Lebanon war from the Israeli side, he was among the most accurate and honest of journalists, well aware that Israel had lost its

guerrilla war - though, travelling with the general, confident no doubt of his safety.

So was General Gerstein. Already a former brigade commander, the Israeli military response to his killing came out of anger rather than tactical necessity. It is not difficult to understand the motive: hit the Hizbollah and show the film back home so that Israelis about to vote in May elections know that their army and air force do not sit back when they are attacked. Hence that footage.

Yet ironically, the most extraordinary videotape released by the Israelis was taken a few days earlier. It showed what happened when a pilotless MK "drone" - a small propeller-driven photo-reconnaissance aircraft - spotted a Hizbollah guerrilla hiding behind a house in the village of Markaba, again inside Israel's occupation area. He had just been involved in an ambush of Israeli troops.

On the film, you can clearly see the guerrilla running for his life, away from the house, across fields and down the main street of the village.

The tiny plane follows him as Israeli helicopters prepare to attack. At one point, a village woman tries to talk to the Hizbollah man and he runs from her, apparently anxious that she should not be hurt if he is killed. As fast as his legs will carry him, he heads for the cover of trees, and the videotape shows the flash of a huge missile explosion in the forest as the Israeli aircraft strike. Even the Hizbollah announced their man's departure from the world.

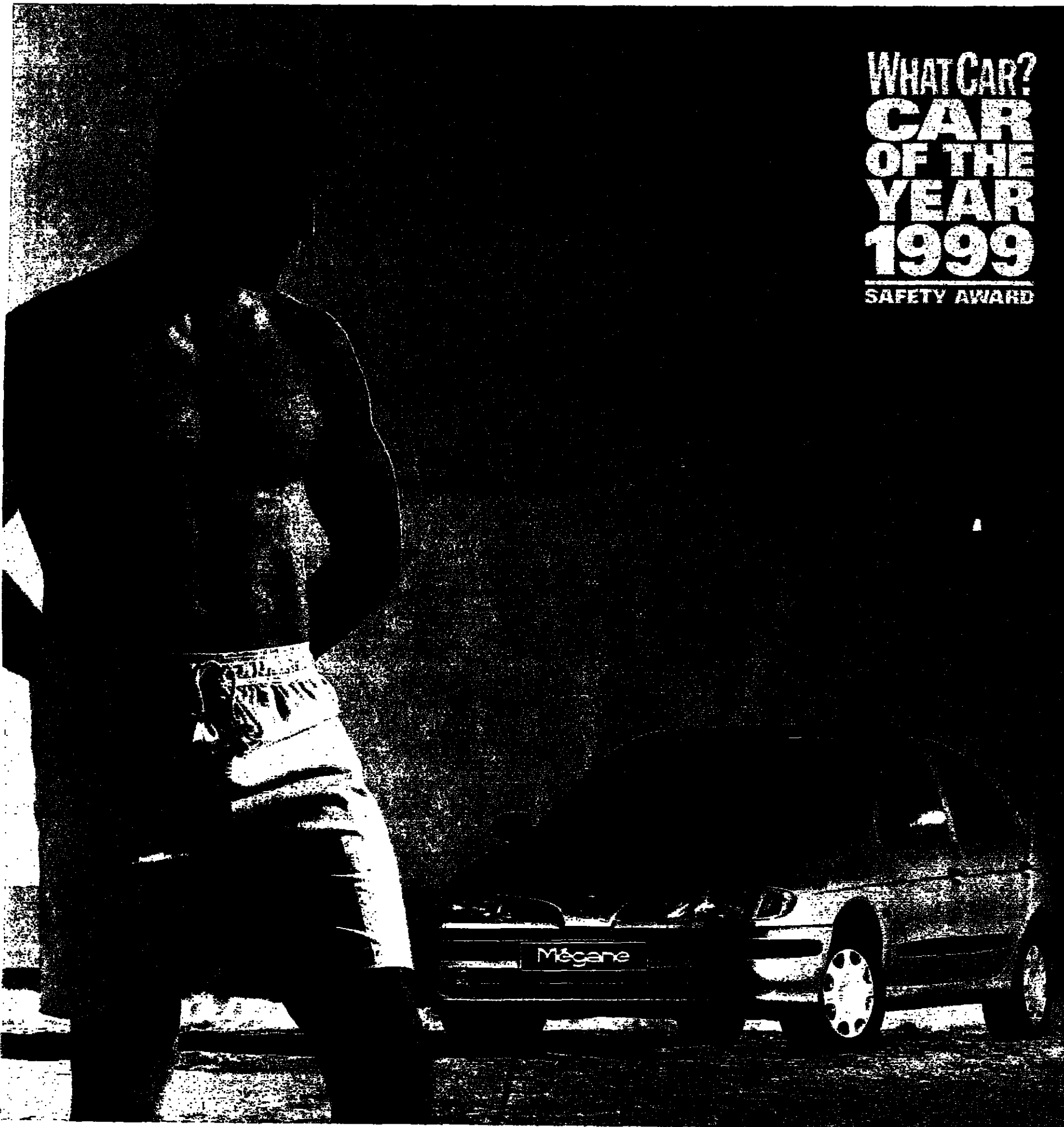
But two days later the same guerrilla, badly wounded by shrapnel in the head but very much alive, turned up in a hospital in Sidon - calling himself Hadi Sayed Hassan, after the name of the son of the Hizbollah leader killed by the Israelis last year - with a dramatic story of his escape. "A rocket landed just three feet away from me, shrapnel was flying all around," he said.

"I lost my hearing for a while and was completely covered in debris. I regained control and kept running."

A tank shell had forced him to run from the building in which he was hiding and he remembered the woman who tried to talk to him in Markaba. He had refused her offer of help for fear she would be killed, he said.

Sayed Hassan Nasrallah, the Hizbollah leader, commented acidly that the videotape showed that, "with all its air power and sophisticated weaponry, Israel was unable to capture a single Hizbollah fighter." He would have no doubt read with interest the words of a senior Israeli officer quoted in the Israeli daily newspaper Haaretz last week.

The Hizbollah, he said, was not a "terrorist" organisation, as Israel claims, but a movement of "national liberation" carrying on a guerrilla war. An Israeli victory in southern Lebanon was therefore "impossible".



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RENAULT

## Iran's President to meet Pope

IRAN'S PRESIDENT, Mohammed Khatami, arrived in Rome yesterday on a controversial diplomatic mission aimed at ending his country's international isolation, boosting trade and winning foreign support for his reformist policies.

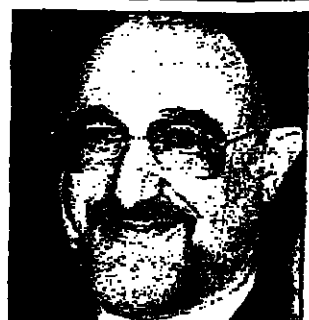
Mr Khatami is the first Iranian head of state to visit Europe since the 1979 Islamic Revolution.

He was received with full honours by the Italian President, Oscar Luigi Scalfaro, at the Quirinal Palace and later met the Prime Minister, Massimo D'Alema, and the Speakers of both Houses of Parliament. He will have an audience with the Pope tomorrow.

The Iranian President's visit to Europe follows electoral successes by his reformist allies at home. In local elections last month, reformist forces swept the polls in the capital, Teheran, and in other cities.

Since Mr Khatami was elected on a platform of social and political reform in 1997, his moves to open up Iran to the West and increase press and individual freedoms have been savagely opposed by the hard-line clerics who still control sectors of Iranian life.

The Vatican sees his meeting with the Pope as an event of exceptional significance and as a confirmation of the Pope's desire for dialogue with Islam.

BY FRANCES KENNEDY  
in Rome

Khatami: reformist

Vatican sources say the Pope is expected to be characteristically frank about Iran's record on religious freedoms and human rights.

Italy is seeking for herself a bridging role between Iran and the West that will bring diplomatic as well as economic benefits, particularly in the energy sector. But the Italian Foreign Ministry has insisted Western concerns over human rights and arms proliferation will be put to Mr Khatami.

Iranian opposition groups say the President is just a front for an autocratic and bloody regime, and several thousand Iranian dissidents converged on Rome to protest. His arrival has also provoked criticism from Italian opposition groups and some far left parties.







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**Due to our 24-page special Budget edition, these prices**

are Monday's closing prices. We apologise for any difficulties that this may cause.

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**Key X - ex-dividend**

Copies of the most recent managers' reports and scheme particulars are available from fund managers free on request.



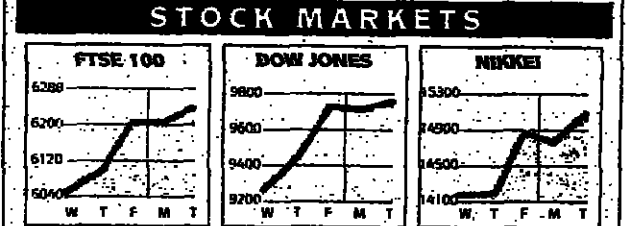
# BUSINESS

## BRIEFING

**Midshires £1,250 windfall**  
BIRMINGHAM MIDSHIRES will today begin sending out letters to a million customers letting them know the value of their share of £750m being paid for the building society by the Halifax. The majority of members will receive Halifax preference shares expected to be worth about £400 each when dealings begin on 19 April.  
More than 400,000 savers will get an additional amount in cash averaging £1,250. Midshires said it intended to send cheques or credit savings accounts by 26 April and post share certificates by 29 April.

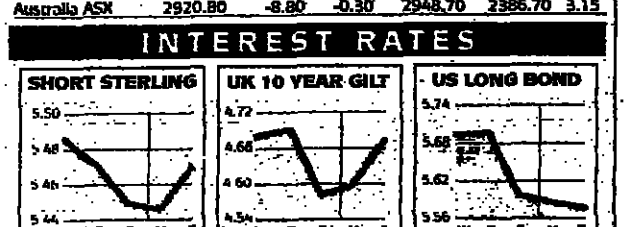
**John Thornton steps down**  
THE CLOTHING retailer Laura Ashley said its non-executive chairman, John Thornton (left), is to step down with immediate effect following his appointment as co-chief operating officer of the investment bank Goldman Sachs. Mr Thornton will remain as a non-executive director until the end of its financial year in January 2000. Laura Ashley named Dr Kay Peng Khoo, chairman and chief executive of Malaysian United Industries, which owns 40 per cent of Laura Ashley, as the new non-executive chairman with immediate effect. The departure of Mr Thornton comes two months after the chief executive, Victoria Egan, stepped down.

**Telecom Italia weighs buyback**  
SHARES in Telecom Italia jumped more than 4 per cent yesterday on hopes that the former state-run telecoms group was preparing to hand back cash to shareholders in an attempt to fight off a hostile £3 billion euros (£32bn) takeover by Olivetti, the electronics group. According to bankers, Telecom Italia is considering raising a 20bn euro loan to fund a special dividend or share buyback. It may also use the funds to buy out remaining shareholders in Telecom Italia Mobile, its mobile phones subsidiary. Telecom Italia requires the support of 30 per cent of its shareholders to make any changes to its share capital.



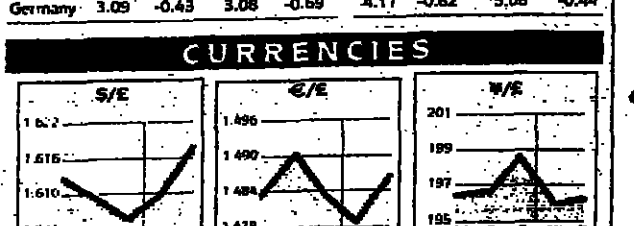
INDICES

Index	Close	Change	High	Low	Open
FTSE 100	6237.70	+28.90	6238.00	6237.00	6237.00
FTSE 250	5375.70	+16.50	5376.00	5375.00	5375.00
FTSE 350	2998.50	+12.90	2999.00	2998.00	2998.00
FTSE All Share	2861.13	+12.94	2861.50	2860.50	2860.50
FTSE SmallCap	2322.80	+7.00	2323.00	2322.00	2322.00
FTSE Europe	1286.56	+6.89	1287.00	1286.00	1286.00
FTSE Asia	1261.25	+0.80	1261.50	1261.00	1261.00
FTSE Europe 100	2859.44	+23.70	2860.00	2859.00	2859.00
FTSE Europe 300	1299.32	+6.84	1300.00	1299.00	1299.00
Dow Jones	9781.17	+34.67	9782.00	9780.00	9780.00
Nikkei	15096.70	+317.65	15100.00	15095.00	15095.00
Hang Seng	10532.95	+268.96	10535.00	10532.00	10532.00
ASX 200	1261.25	+0.80	1261.50	1261.00	1261.00
Nasdaq	2622.69	+25.47	2623.00	2622.00	2622.00
Joronto 300	6509.50	+6.47	6510.00	6509.00	6509.00
Brazil Bovespa	9645.29	+136.40	9646.00	9645.00	9645.00
Belgium Be20	3305.39	+17.06	3306.00	3305.00	3305.00
Amersterdam AEX	522.27	+3.25	522.50	522.00	522.00
France CAC 40	4159.80	+16.17	4160.00	4159.00	4159.00
Spain IBEX 35	3582.00	+22.00	3583.00	3581.00	3581.00
Madrid IBS 35	9115.30	+33.90	9116.00	9115.00	9115.00
Irish Allshare	5423.02	+4.93	5424.00	5423.00	5423.00
S. Korea Comp	572.85	+1.01	573.00	572.80	572.80
Australia ASX	2920.80	+8.00	2921.00	2920.80	2920.80



MONEY MARKET RATES

Rate	Close	Change	High	Low	Open
UK 3 month	5.45	-0.11	5.46	5.44	5.45
UK 6 month	5.45	-0.11	5.46	5.44	5.45
UK 12 month	5.45	-0.11	5.46	5.44	5.45
US 3 month	5.00	-0.05	5.01	4.99	5.00
US 6 month	5.00	-0.05	5.01	4.99	5.00
US 12 month	5.00	-0.05	5.01	4.99	5.00



POUND

Unit	Close	Change	High	Low	Open
Dollar	1.6173	+0.011	1.6184	1.6162	1.6173
Euro	1.4861	+0.007	1.4879	1.4854	1.4861
Yen	196.32	+0.29	196.61	196.03	196.32
Index	102.50	+0.40	102.90	102.10	102.50

OTHER INDICATORS

Indicator	Close	Change	High	Low	Open
Brent Oil (\$)	11.09	-0.08	11.14	11.01	11.09
Gold (\$)	293.15	-1.45	294.45	292.45	293.15
Silver (\$)	5.32	0.07	5.39	5.25	5.32

TOURIST RATES

Country	Rate
Australia (\$)	2.4627
Austria (schillings)	19.69
Belgium (francs)	57.91
Canada (\$)	2.3735
Cyprus (pounds)	0.8285
Denmark (kroner)	10.73
Finland (markka)	8.5586
France (francs)	9.4102
Germany (marks)	2.8148
Greece (drachmas)	462.71
Hong Kong (\$)	1.1288
Ireland (pounds)	61.39
India (rupees)	5.9908
Israel (shekels)	2.788
Italy (lira)	192.09
Japan (yen)	5.8009
Malaysia (ringgits)	0.6146
Malta (lira)	0.6146

## First Choice and Kuoni in £2bn merger talks

**FIRST CHOICE** Holidays yesterday caught the City off guard with an announcement that it is in "advanced merger talks" with Kuoni, the Swiss tour operator. The statement, issued just after the stock market closed and while the Chancellor was still delivering the Budget, will create a new £2bn player in Europe's travel industry. A statement finalising the deal is expected within the next few days.

**BY NIGEL COPE**  
Associate City Editor  
week that it was in preliminary merger talks. Attention then focused on Airtrons and Preussag of Germany, and it is possible that these companies could yet enter the fray with a hostile bid.  
The new group would be called Kuoni Holdings with Ian Chubb, the chief executive of First Choice, becoming executive chairman. Kuoni's Riccardo Gullotti would be chief executive. The company's board would include 14 directors drawn from both businesses, and it would be listed on the London and Swiss stock exchanges.  
Under the terms of the deal, First Choice's main brands will be retained. These include Sovereign and Twenties, as well as Uniflet and Hays & Jarvis, both acquired last year.  
First Choice, which is Britain's third-biggest holiday company behind Thomson and

Airtrons, would move into second position in the UK market, with a market share of around 18 per cent. Mr Chubb said: "We are delighted with the deal. We don't expect any competition problems."  
Kuoni is Switzerland's biggest tour operator and has built a reputation for providing up-market, longer-haul holidays with margins double those on mass-market packages.  
Under the terms of the merger being discussed, Kuoni shareholders would own 53 per cent of the enlarged company, and First Choice shareholders 47 per cent, the companies said.  
"Kuoni and First Choice would be a unique combination that would benefit shareholders, customers and employees of the two groups," said the companies in a statement. The companies declined to comment on the implications for jobs.  
The discussions come as European tour operators pair up to increase their buying power for hotel accommodation and double up on transportation to and from resorts.  
First Choice owns package-tour companies and the Air 2000 and Leisure International charter airlines. It is more than half way through a three-year reorganisation to push pre-tax profit to 4 per cent of sales by October 1999.  
First Choice had pre-tax profit of £50m (£80.5m) in fiscal 1998. For the year ended 1997, Kuoni had pre-tax profits of £56.6m.

## BMW tells Longbridge to fight Hungary for car

**BY MICHAEL HARRISON**  
Business Editor  
THE LONGBRIDGE car plant in Birmingham is vying with a rival location in Hungary for a £1bn investment to build a new generation of family cars, BMW, the parent company of Rover, said last night.



Joachim Milberg, the new chairman of BMW, confirmed that aid applications had been made to both the British and Hungarian governments for the new model to replace the Rover 200/400 series.  
However, BMW denied that its final decision on where to locate the new plant would be based on a subsidy auction. A decision on the state aid is expected in the next two to three weeks.  
BMW submitted an application for around £200m in aid to Stephen Byers, the Secretary of State for Trade and Industry, last week. The investment is vital to the long-term survival of Longbridge. It is chosen for the new model, it would secure 15,000 jobs direct and could provide the springboard for a doubling of Rover's UK production from 450,000 cars to around one million by 2004-05. BMW has plans to build a range of cars from family saloons to utility vehicles based on a single platform.

BMW's 328i Coupe, based on the new 3 series, on display on press day at the Geneva car show yesterday. The annual car show will open its doors to the public tomorrow.  
Pascal Volery/Reuters

Speaking last night at the Geneva Motor Show, Mr Milberg confirmed there would be a replacement for the 200/400 series, saying BMW had decided that it would remain in every sector of the car market where it currently has models. But he said no decision had been taken on the location of the investment.  
A Rover spokesman added:

"In the end, the BMW investment is a lot of money and they must decide which country offers the best value for shareholders."  
Apart from the subsidies available, BMW will also take into account productivity targets, flexibility and desired quality levels, he added.  
Mr Byers insisted yesterday that there was "no question of the Government just bailing out any failing or ailing industry". But he added: "What we

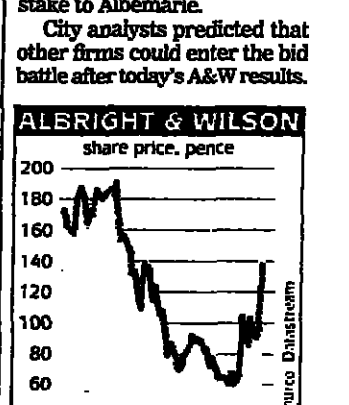
are prepared to do is to look at financial support which meets three key criteria: one, to raise the skills level of people working; two, to improve productivity; and three, to secure a substantial investment from BMW itself."  
The chairman of Porsche, Wendelin Wiedeking, said he would complain to Brussels about the aid to Rover this week. He is writing to the European Competition Commissioner, Karel Van Miert, demanding that any plans by the UK to subsidise Rover should be stopped. Mr Wiedeking said to offer "such a gift" amounted to unfair competition. "I cannot just stand by and ignore that a subsidy will be given - this practice should stop."  
Rover has already announced 2,500 job losses as part of a plan to boost productivity and achieve savings of £150m a year. But the new BMW chairman will want to extract further efficiency gains if the balance is

## US offer for Albright may be trumped

**BY FRANCESCO GUERRERA**

THE BATTLE for Albright & Wilson, the chemicals group, warmed up yesterday when the French company Rhodia said it might trump a £108m cash offer from its US rival Albemarle.  
Rhodia, majority-owned by drug company Rhone-Poulenc, revealed that it had held preliminary talks with A&W and was "reviewing its options".  
Sources close to the company said the Rhodia management was in talks with its bankers on whether to outbid Albemarle's offer for A&W, the UK's largest producer of chemicals for detergents and carbonated drinks. "The Albemarle offer is not the end game - there are other people interested in this company," a source said.  
The statement by Rhodia, a leading producer of fine chemicals with sales of over £5.5bn euros (£3.3bn), was triggered by Monday's bid by Albemarle. The US speciality chemicals company's 130p-a-share bid was recommended by A&W's board but not accepted by Phillips & Drew, the largest shareholder.

P&D, which has a 24 per cent stake, held out for a higher bid, followed by another fund manager, M&G, which owns 5 per cent of A&W. However Mercury Asset Management, A&W's second-largest shareholder, accepted the offer and sold most of its 12 per cent stake to Albemarle.  
City analysts predicted that other firms could enter the bid battle after today's A&W results.



They said the figures should confirm the UK group's continuing problems with the downturn in chemical markets and the strength of the pound, and flush out other bidders.  
The US group FMC and a private UK company backed by the venture capitalists CVC are believed to have approached A&W in the past few months. Industry experts said the Albemarle offer undervalued the UK company and predicted the final bid price could rise to up to 150p. "I think in a week you are likely to see a bid north of 140p per share," an analyst said.  
Shares in A&W, which slumped as sales were hit by tough chemical markets, rose yesterday by 10.5p to 140p.

## Allied Zurich hit by asbestos costs

**BY ANDREW GARFIELD**  
Financial Editor  
ZURICH FINANCIAL Services, the Anglo-Swiss insurance giant formed out of the £18.7bn (£11.6bn) merger between Zurich Insurance and BAT Industries Insurance operations last year, yesterday blamed the escalating costs of settling asbestos claims as it raised its estimate of the cost of integrating the businesses by £1bn to £2.4bn.  
News of the higher charge caught the City unawares. Shares in Allied Zurich, the UK quoted arm of the group, fell 13p to 900p, while Zurich Allied fell 5p to 515p.  
Andrew Ritchie, insurance analyst at Fox-Pitt Kellon, said: "It is a nasty surprise." But he pointed out that, having taken the hit, the group is unlikely to have to do so again.  
The bulk of yesterday's increased merger charge - about

## London Stock Exchange to open one hour earlier

**BY LEA PATTERSON**  
THE LONDON Stock Exchange plans to open an hour earlier as part of a move to harmonise trading hours across European exchanges.  
Under proposals put forward by the London Exchange yesterday, the stock market would open for trade at 8am, rather than the current 9am, and would continue to close at 4.30pm.  
A spokesman for the London Stock Exchange, which last year announced plans to link up with its counterpart in Frankfurt, said the decision was part of the wider London-Frankfurt push for a pan-European exchange.  
In a statement with Deutsche Borse, its Frankfurt partner, the London Stock Exchange said: "Today's proposals are one further link in the

chain leading to our goal of barrier-free trading in Europe."  
Deutsche Borse said it intended to synchronise its trading day with the proposed London hours by opening 30 minutes later than at present and closing 30 minutes later.  
The proposed London changes, which are expected to come into force later this year, are the second set of alterations in less than a year.  
Last summer the opening time was moved from 8.30am to 9am in an attempt to curb volatility in share prices early in the morning caused by low trading volumes.  
A spokesman for the London Exchange said that although volatility would be monitored under the new trading hours, market liquidity had improved considerably since the summer. He said: "Analysis of the order book does vary from day to day, but overall, liquidity is much better, particularly at open and close."  
The exchange also plans to scrap the maximum limit on sizes of trade and to consult on a series of longer-term changes.  
These include using auctions at market opening and close as well as during the trading day, extending the electronic order book to mid-cap stocks, and shortening the settlement cycle.  
The London/Frankfurt move follows recent indications by the New York Stock Exchange that it would open earlier in order to trade European stocks, a likely first step towards round the clock trading.

## AROUND THE WORLD'S MARKETS

**LONDON**  
FOOTSE made modest headway during Chancellor Gordon Brown's Budget speech. It stood 12.9 points higher when he started and was up 28.9 at 6.27.7 at the close, shortly before he finished. Supporting indices were firm.  
WPI, the advertising group, rose on speculative demand and positive stockbroker comment. Dions went to a 1.288p peak on the British Retail Consortium's upbeat comments on electrical sales and the Budget "computers for all" initiative. Derek Pain, page 17

**NEW YORK**  
DESPITE WEAKNESS among hi-tech shares, the Dow Jones index recovered from early weakness, gaining 68.54 points to 9,796.15. The supporting Standard & Poor's 500 index was 10.69 higher at 1,293.42.  
The early weakness reflected the warning from Advance Micro Devices that its first quarter figures would be heavily in the red following production problems. Other chip makers were hit, with Intel and Compaq Computer under pressure.

**TOKYO**  
SONY led Japanese stocks higher after it announced details of a major restructuring initiative. The electronics giant closed up by almost 9 per cent, helping to take the Nikkei 225 stock index up by 317.65 points to 15,096.70.  
This was the first time the Nikkei had closed above 15,000 since 27 November last year.  
"It's a combination of themes - restructuring, a lower yen and lower interest rates - that have made the market start to look very interesting," said one analyst.

**HONG KONG**  
STOCKS closed sharply higher, with sentiment boosted by plans by Microsoft to co-operate with Hongkong Telecom.  
The Hang Seng share index finished up 288.96 points, or 2.62 per cent, at 10,532.55, just off its day's high.  
Hongkong Telecom was among the most actively traded stocks. The telecoms group announced that it planned to develop electronic shopping and video-on-demand services with the computer giant Microsoft.

**PARIS**  
FRENCH SHARES faded after a bright opening. The CAC-40 index fell 26.65 points to 4,149.32. The market seems to run into determined resistance every time the index approaches 4,200. Frederic Sauvageat at the Oddo brokerage house said: "We have hit that range around four times since the beginning of the year but we cannot seem to go past it."  
The early advance was inspired by strong corporate earnings and the upbeat overnight Tokyo performance.



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## Insurer escapes weather battering

Anglo	280.00	Mar98	1888.00	May98	73.75	Mar98	212.75	May98	31.50
Argo	280.00	Apr98	1818.00	May98	75.25	Mar98	226.00	May98	32.85
Argo	194.50	Mar98	1865.00	May98	77.00	Mar98	225.00	May98	34.00
Wic	492	Mar98		May98	95	Mar98	137.00	May98	14

OTHER SPOTS AT SIBOPAN									
Apr	Live Cattle	(CME) \$/cwt	68.58	Mar	Whizw Mtns	(SAF) \$/100 m	875.00		
Apr	Pork Belts	(CME) \$/cwt	51.85	Mar	Whizw Rubber	(TCM) \$7.50 kg	94.70		
Apr	Orange Juice	(CME) \$7.50 kg	82.80	Mar	Cocoon		61.05		
Apr	Milk	(CME) \$/cwt		May	Crude Palm	(BUL) \$/25 m	1629.00		
Apr	Wheat	(CME) \$/cwt	107.00	Mar	Crude Oil		18.90		
Apr	Flax	(WCE) \$/20 m	300.00	Jul	Wooden Yarn	(TCM) \$/500kg	1165.00		



## SPORT

'You talk about Arsenal's defence now, but their scoring record isn't that great. We had it at both ends'

# Hansen paints unblemished picture



## THE BRIAN VINER INTERVIEW

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WHEN THE wind howls in off the Irish Sea, the par-four 13th hole at Hillside - the Southport course widely considered as challenging as its more illustrious neighbour Royal Birkdale - is the very definition of an uphill struggle. Somehow, I leave the green with a five to Alan Hansen's double-bogey six. "Class always tells on the hardest holes," I remark flippantly, as we make our way to the next tee. "That must have been the exception," Hansen mutters, half in banter but half in earnest. He is a fierce competitor on the golf course. And he duly stuffs me by a margin I do not care to mention. His handicap is three, and with the help of his long-handled Odyssey putter - "I was the worst putter in the western world until I got this," he says - he is confident that he can get down to one. I wouldn't offer odds against it.

Hansen started playing golf at the age of seven, as Allon lads do. By 16, he had a handicap of two and thoughts of turning pro. In 1972, he was a reserve for Scottish Boys in a fixture against English Boys. One of the players on the English team - later, incidentally, to switch allegiance to the Scots - was the 14-year-old prodigy Sandy Lyle. So Hansen was on teeing-up terms with the best young golfers in the land. He was also in the Scottish volleyball squad. And he was a talented squash player, once hammering the Scottish junior champion by three games to one.

When sporting skills were handed out, Hansen jumped the queue. In fact, the rest of us must have been queuing in the wrong place. If there were any justice at all, he would at least have buck teeth or a cauliflower ear. But the cruellest nickname anyone has managed to think up for Hansen is Captain Scarlet, and that's because the scourge of the Mysterons was plastic and, therefore, unblemished. Actually, Hansen does have a blemish, a long vertical scar on his forehead. Wearily, I wait for him to tell me that it marks a wound sustained in some heroic sporting encounter, but the banal truth is that during a volleyball tournament when he was 17, he walked through a glass door. He sued the education authority and, as has generally been his wont, won.

At 17, having reluctantly accepted that he was not quite good enough to cut it in professional golf, Hansen planned to read history at Aberdeen University. But then someone suggested that he become a PE teacher. However, the PE college, Jordanhill, had a policy of accepting only one applicant per school, and someone else from



Sitting comfortably: 'Once I'd turned 30, if I played 18 holes on Wednesday, I always knew it training on Thursday,' says Alan Hansen

Hansen's school got the nod. "That was when I decided to concentrate on football," he says.

Oh yes, football. Hansen had already been wooed by 10 clubs, but told them he wanted to concentrate on golf. In the end, the Jordanhill reject joined Partick Thistle, where his elder brother John was on the books, and spent four years there gradually making his name as a classy centre-back. He didn't forsake golf, though, and one memorable Saturday played in a monthly medal in the morning and against Kilmarnock in the afternoon. At Liverpool it was a different story. Bill Shankly had always believed that golf was bad for his players' knees, and his successor Bob Paisley reckoned it tired them out. "He was right, too," says Hansen. "Once I turned 30, if I played 18 holes on a Wednesday, I always knew it in training on a Thursday."

In May 1977, Paisley paid £100,000 - how quaint that figure sounds now - to take Hansen to Liverpool. He stayed at Anfield for the next 14

years, scandalously winning only 26 caps for Scotland, yet collecting 17 major medals for Liverpool (17 majors, he happily points out, equals the tally of his hero Jack Nicklaus) and becoming a linchpin in what amounted to four different Liverpool sides. The best of them, Hansen

Liverpool sides that won doubles and trebles. In 1989, six weeks before we won the double, I said to Kenny Dalglish that it was the worst Liverpool team I'd ever played in. So maybe I'm not a very good judge."

He is certainly given to rash predictions, famously inspiring a

If ever there was a good judge of footballers, by contrast, it was Bob Paisley, the quiet, self-effacing George who, according to Hansen, was utterly ruthless dealing with his players. Indeed, while the likes of Jimmy Case and Graeme Souness were not best known for shouting

it, Ray Kennedy was sensational for a big guy. But Fowler is the best."

Fowler, though, has the benefit of playing in front of a noisily supportive Anfield crowd. Not so Hansen for much of his career. "Under Bob Paisley, if a player showed signs of complacency, he was out. It was all over for him. But the crowd, the crowd was blessed. The Liverpool crowd at that time was the quietest of the lot. They were spilt. They only went off their heads if there was a chance we were going to get beaten. We'd come off after a 2-0 win and it wasn't enough. Now it's different. They are hungry again, and if Liverpool won the championship now they would go berserk. I went to the 4-2 Newcastle game this season and the atmosphere was sensational. We never had that."

The ingrates on the Kop owed much to the formidable defensive partnership of Hansen and Phil Thompson, now the Liverpool assistant manager. "It was like telepathy. Neither of us could head it, neither of us could tackle, my mis-

*'I hear things about different philosophies and it's mostly a lot of tosh. People saying "the way the game should be played". That's the worst saying in football. You win the game, then worry about the way it should be played'*

reckons, was the 1977-1981 team, usually comprising Clemence, Neal, Kennedy (A), Thompson, Hansen, Kennedy (R), Dalglish, Case, Johnson, McDermott, Souness.

"In the 1978-79 season," he recalls, "we scored 85 goals and conceded 16. That will never be beaten. You talk about Arsenal's defence now, but their scoring record is not so great. We had it at both ends. Yet that team only won the championship twice. I say 'only' because I played in other

T-shirt slogan popular at Old Trafford with his assertion, in what was to be Manchester United's double-winning season of 1995-96, that "you can't win anything with kids". Genuinely, Hansen gives a few more examples of getting it embarrassingly wrong. "Shortly after Ian Rush joined Liverpool I said to a friend, 'he can't head it, and he hasn't got a left foot or a right foot'. Five years later, he'd broken every goalscoring record there was."

"three hurrahs for the jolly old oppo" before or even after a match, they would not, under Paisley, have dared wind up an opposing player by showing their backsides and yelling "come on, give it me up the arse". Still, on a perhaps more significant note, Hansen reckons that the miscreant Robbie Fowler is better than any Liverpool player he has ever seen at creating that all-important yard of space in the penalty area. "Rush and Dalglish were masters at

was quicker than he was, but we did alright. Paisley's philosophy was simple. Strengths and weaknesses. We played to our strengths and exploited their weaknesses. Now I hear things about different philosophies and it's mostly a lot of tosh. I hear people saying 'the way the game should be played'. Rubbish. That's the worst saying in football. You win the game, then worry about the way it should be played."

By now we are approaching Hillside's 17th green, which tops an enormous sand hill. Hansen has hit a towering approach shot to within eight feet. Heaven knows where my ball has got to. The wind-chill factor, meanwhile, would have Sir Ranulph Fiennes scrambling for the clubhouse. But my playing partner has reached boiling point.

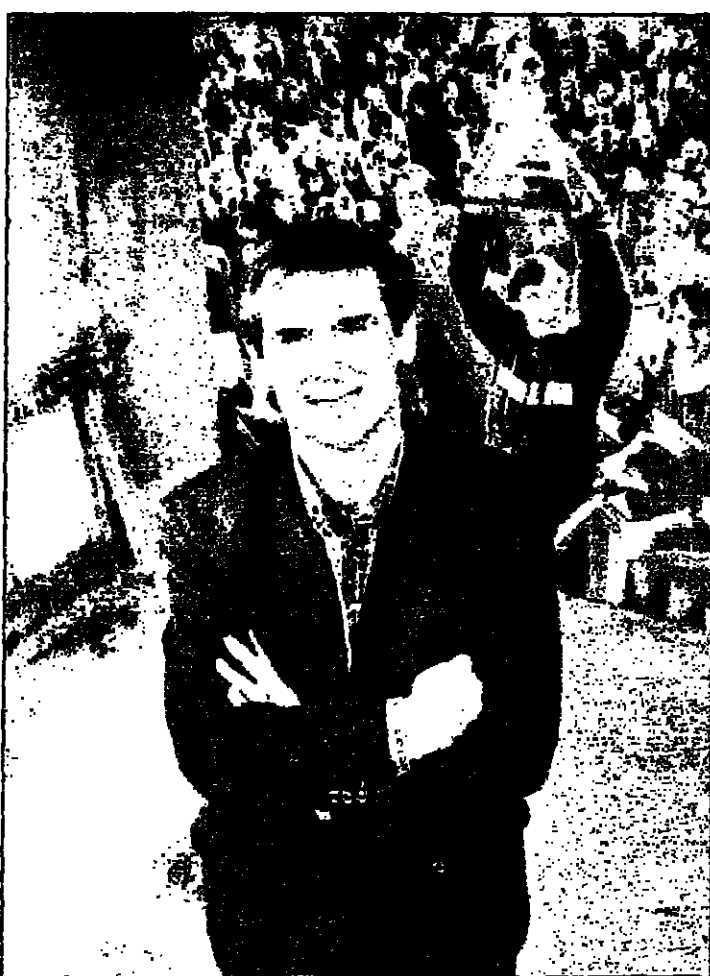
"It's absolute folly," he continues, "to say 'here are the tactics, now let's look at the players'. You look at your players, then decide your tactics. Take the sweeper system. In the Eighties everyone was saying that you can't win the World Cup without a sweeper. Then Brazil in 1994, and France in 1998, win it with a flat back four, so where does that leave us?"

"In 1982 we tried it for four games at Liverpool, with me as sweeper. I could give you a day-long seminar on the sweeper system, but on the pitch we couldn't do it. We didn't know when to come or when to stay. We had problems with marking. In the end, Joe Fagan decided we didn't have time to mess about with it. Quit while you're losing, that's another important lesson."

Hansen has always been opinionated about football. And when a knee injury forced him to stop playing, he was the obvious candidate to coach Liverpool reserves. Then his close friend Kenny Dalglish - his regular golf partner at Hillside - quits manager. "He'd tried to call me twice the day before, but I was out," recalls Hansen, "so I didn't find out until training the next morning. Was I surprised? Christ, yes."

A lot of smart money went on Hansen to succeed Dalglish, but he claims that management never attracted him. "Dalglish and Souness live and breathe football in a way that I never have," he says. "There again, in my last season as captain, I wasn't getting any sleep at night, worrying about three points here and three points there. And at 2.15 on a Saturday I used to go back and forth to the toilet 45 times. So I knew management wasn't for me."

Instead, he joined Sky as a pundit, moving to Radio 5 Live, and then to Match of the Day, where he has become part of the furniture (his fellow piece of furniture, Des Lynam, he ventures, is to television what Liverpool circa 1978 were to football). Moreover, he is blossoming as a presenter. Next Tuesday he fronts a BBC1 programme called The Football Millionaires, and soon afterwards is back presenting The Magic of the Masters, for which he interviewed Jack Nicklaus and Seve Ballesteros, as well as his boyhood foe Sandy Lyle. Last year, he went to the Masters for the first time, and entered the traditional post-tournament ballot which entitles a lucky few from the media to take on the mighty Augusta National. Sadly, he wasn't chosen. With his beloved new Odyssey putter working well, it might have been an interesting contest.



Colin Addison stands in front of a mural depicting Scarborough's promotion to the Football League in 1987

## Addison depends on principles

The manager of the Football League's bottom club has a keen sense of irony. Simon Turnbull met a man who loves a challenge

COLIN ADDISON flicked through the yellowing pages of the Newcastle United programme on his desk until he came to the pen pictures. "The manager of Hereford United is Mr Colin Addison, aged 31," he read aloud. "He is a young, progressive manager who has the qualifications, drive and the determination of many of the managers in the Football League."

"It's funny," Scarborough's new manager said, removing his spectacles and casting his mind back to the night he first tested his qualifications, drive and determination against Football League opposition. "People tend to forget that game at St James' Park."

"They think it was a one-off game at Hereford. But we went up there one wet and windy January night, in front of 39,000 people, and came away with a tremendous 2-2 result. In fact, I thought we played better that night, in terms of football and application, than we did in the replay."

Mr Colin Addison's first success as a young, progressive manager was indeed no one-off. It was a three-off.

The team of part-time Southern Leaguers he guided from both sides of the Edgar Street fence, as player as well as manager of Hereford

United, held Newcastle and West Ham to draws as well as shooting down the not-quite-so-mighty Magpies in the FA Cup in 1972.

Indeed, the 2-1 third-round replay win at Edgar Street - Ronnie Radford's wonder goal, the invasion of the Parkas and all - would not have been possible had Addison himself not equalised in the original tie on Tyneside.

"One of the best goals I scored in my career," he maintained. "Never gets a mention. People also forget that after we beat Newcastle in the replay we drew 0-0 with West Ham four days later before we went out 3-1 at Upton Park to a Geoff Hurst hat-trick."

"Yeah, it was a magnificent cup run. I mean, that Newcastle team wasn't a bad one, you know."

It was good enough to beat a Manchester United side featuring Best, Law and Charlton at Old Trafford the following Saturday. And Addison's Hereford heroes were good enough to gain election to the Football League at the end of that season, his first as a manager, and to win promotion the following year.

At 58 going on 31 again, the im-

possibly young looking, youthfully exuberant Addison still has his eyes cast upwards in the football management game. Since responding to an urgent SOS call two weeks ago (Save Our Scarborough), he has been looking up at all 71 teams above his from the bottom rung of the Football League ladder.

His career has come full circle: from trying to get into the League with Hereford to trying to stay in it with Scarborough. "There is an irony in it," he said. "But I've never ducked a challenge and when the call came, asking if I was interested in I decided to go for it."

"A lot of friends said 'What the hell are you going to Scarborough for?' To get an early holiday in? To do a bit of paddling?"

"But I've come here for the challenge. I've got clubs out of similar situations before: Newport in the late Seventies and Cadiz seven or eight years ago."

"It's not as if it's new for me. But this one is a big challenge. It could be the biggest of the lot."

The chips are certainly down at the McCain Stadium, Scarborough

are six points adrift at the foot of the Third Division, though with two games in hand of the clubs directly above them, Hull and Hartlepool.

For Addison, it is a coming home as well as a challenge. He was brought up in nearby York and launched his playing career as an attacking inside-forward with York City.

He went on to make his mark in the old First Division with Arsenal, Nottingham Forest and Sheffield United and he has returned to North Yorkshire with a managerial CV which includes five months in the scorchingly hot seat at the Vicente Calderon. Like Arrigo Sacchi, and some 20 other coaches in the past 13 years, Addison endured an uncomfortably brief working relationship with Jesus Gil, the president-cum-autocrat of Atletico Madrid.

"It was an experience, to say the least," he reflected. "The man was completely irrational. You never knew what was coming next."

"I went there as Ron Atkinson's assistant six games into the 1988-89 season, took over in the January when Ron moved on and was sacked

at the end of May. Atletico were fourth bottom when we went there and they were fourth top when I got the sack."

"We were in the semi-final of the Spanish Cup - 2-0 down to Real Madrid from the first leg - and we needed three points from our last three league games to qualify for the UEFA Cup. We could have won the cup. We could have still got into Europe. But that was the man. That was Jesus Gil. If I had been in the same position in England I probably would have got a new two-year contract."

"It was very disappointing, one of the biggest disappointments of my career, not having the chance just to finish off that season."

Addison may have left unfinished business at the Calderon in Madrid, but he has a mission to complete at the McCain in Scarborough. "What's the difference?" he said, echoing the question. "About 48,000 spectators." "Obviously at a big club like Atletico you've got money to spend. There's not much to spend here, if any. But the principles are the same. The systems, the tactics, the attitude, the application... They're all the same, whether you're at Atletico Madrid or at Scarborough." Or whether you're a young, progressive manager at Hereford United, for that matter.

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# Bartle, the nice guy who can win

Eventing, dressage and training are all the same to Harrogate's all-round success story. By Genevieve Murphy

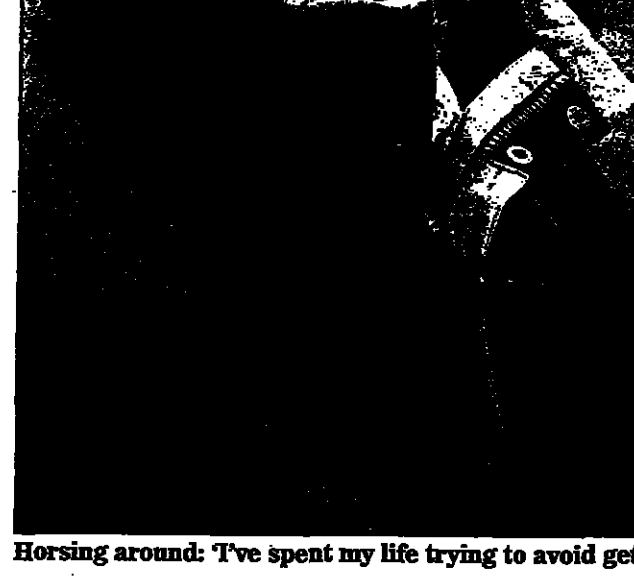
CHRIS BARTLE is never likely to forget the tumultuous, warm applause that accompanied his lap of honour on Word Perfect II at last year's Badminton Horse Trials. "It was a question of pinching myself to make sure I wasn't dreaming," he said. "Even now I have to remind myself that it really happened."

Fortunately, there have been continuing reminders, the latest of which came yesterday when he was named as the National Personality of the Year in the Spillers Equestrian Awards.

Even before his Badminton victory (achieved at the mature age of 46), Bartle was much sought after as instructor at the Yorkshire Riding Centre, near Harrogate, as dressage coach for the British three-day event team and as a visiting trainer in Australia, the United States and Hong Kong.

There is, however, nothing of the bustling, self-important, globe-trotting man-in-demand about him. Unlike his elder sister, Jane Bartle-Wilson (who has the look of one-who-must-

*'Horses are there to make you look an idiot. I should have ridden him as though I didn't quite trust him'*



Horsing around: 'I've spent my life trying to avoid getting a proper job,' says Chris Bartle, the Spillers National Personality of the Year

be-obeyed), Chris, the third of the four Bartle offspring, instructs in the manner of the nice-guy-next-door.

The centre was started in 1963 by the Bartles' Belgian mother, Nicole, who had worked for the Resistance during the Second World War. "She's a perfectionist with an obsession for doing everything correctly, which has probably rubbed off on me," Chris said.

His father, an auctioneer and land agent who died last year, gave his support for the project by paying the bills.

Chris is now the managing director of the centre, where he lives with his Canadian wife, Sue (who first arrived there as a student in the 1970s), and their two children.

Riding was confined to the holidays while he was a schoolboy at Ampleforth (the present Cardinal Basil Hume was then Abbot) leaving him to use his own two feet when he represented the college in cross-country running.

Later, he graduated in economics at Bristol University. "I thought it would help me to

find employment, but I've since spent my life trying to avoid getting a proper job," he said.

According to Giles Rowell, the chairman of the British selectors, Bartle is in tune with sports psychology and believes in being committed to goals. He has spectacularly overshot a couple of his own goals as a competitor. In 1984 he had aimed to qualify Willy Trout for the individual dressage final at the Los Angeles Olympics. That mission accomplished (he was 11th of the 12 who qualified)

he went on to produce an astonishingly virtuoso performance for a virtual new boy to dressage, finishing sixth - which is the best ever British placing in this discipline.

After his return to eventing, he strove for years to finish among the 20 prizewinners at Badminton. Last year he would happily have settled for a place in the top 10, so there was no pressure on him when he completed the clear show jumping round that was to give him victory over Mark Todd. His previous best place was 25th.

Bartle had bought Word Perfect with the idea of selling him on. Despite initial problems with ditches, however, the horse proved too good to part with. "I was desperate to get someone to buy him who would let me keep the ride," he said.

To this end, he took a video of Blenheim (where Word Perfect finished third in 1996) on one of his jaunts to Hong Kong. There the horse was sold to Adrian and Elaine Cantwell, with Bartle keeping the ride until after next year's Olympic Games in Sydney.

The Cantwells have since shared a couple of major disappointments as well as a great victory. In 1997, during the European Championships at Burghley, horse and rider parted company at the sixth cross-country fence. When close to the obstacle, Word Perfect had spotted a ditch beneath it; he swerved to the left in mid-air while the unfortunate Bartle went to the right.

"Horses are there to make you look like an idiot," a rueful Bartle said. "It was the sort of thing I would have half ex-

pected him to do as a novice and I should have ridden him as though I didn't quite trust him. Then it wouldn't have happened."

Every day with horses is, he says, a potential disaster. That point was also illustrated when Word Perfect was injured last August, putting paid to Bartle's indisputable claims for a place on the British team for the World Equestrian Games.

And did our hero look pretty sour after that? Not at all; he turned up to continue his coaching duties for the team with a stoical smile and another of his pocketful of philosophical sayings: "You can guarantee that anybody who has spent a long time with horses will have suffered a similar disappointment." Perhaps we could all learn something from that.

**SPILLERS EQUESTRIAN AWARDS** decided on votes cast by readers of Horse & Rider and Pony magazines. National Personality of the Year: C Bartle, International Personality: M Roberts (US) for his contribution to horse welfare. Horse of the Year: One Man, Spillers Diamond Award: R Hobson, veterinary surgeon. Scholarship: G Cranston (show jumping), J Chandler (horse trials) and C Edmunds (dressage).

Robert Hallam

## Easy for Hingis but Seles fails to produce her touch

MARTINA HINGIS, the world's No 1, continued her carefree skip through the \$1.3 million Evert Cup in Indian Wells on Monday by dismissing Patty Schnyder 6-1, 6-3, but former top-ranked Monica Seles sank to defeat.

Hingis advanced to a quarter-finals date with American Chanda Rubin, a 6-4, 6-4 upset winner over seventh seed Amanda Coetzer of South Africa. Seles was swept out of the tournament by Slovakian Henrieta Nagyova 6-2, 6-4 in the third round.

Hingis had few problems in beating fellow-Swiss Schnyder in just 54 minutes. Moving swiftly and counterpunching brilliantly against the left-hander, the 18-year-old Hingis forced Schnyder to go for out-right winners, which the 20-year-old rarely made.

Schnyder, seeded 10th, made

**TENNIS**  
**BY DERRICK WHYTE**

25 unforced errors against only 13 winners. "I tried to play aggressive, it's the only way to beat her," Schnyder said. "I made too many mistakes. I was risking too much. I was dominating a lot of the points, but I missed when I had to go for a winner. She was running down all the balls and reacting well. She could read my game a little."

Hingis, who now has a 2-1 record against Schnyder, said that it was the best she had played against her.

"Reading my opponents is my strength," Hingis said. "Most of the time that is my weapon on the court. I pretty much know where the players want to go. That's why I'm number one."

Two months ago Schnyder controversially fired her coach and hired the mysterious German nutrition guru Rainer Hanecker. He has put her on a radical diet but Schnyder admits she is not firing on all cylinders.

"I'm less confident," said Schnyder, who won five titles last year. "I've had a hard time and I couldn't concentrate the way I wanted to. But I can handle the situation better right now."

Schnyder said she believes her new diet, which includes drinking two to three litres of orange juice a day, will make her a better player in the long run. "For sure," she said. "Otherwise I wouldn't do it."

Seles looked completely out of sorts against the 20-year-old Nagyova, a tall, powerful player who made her opponent appear slow-footed and confused.

Nagyova has won five titles in her career but had never beaten a top-10 player. "It was for sure some of the best tennis I have played," the 27th-ranked Nagyova said. "I played what I was thinking, some slice, not hitting balls so hard, a little bit clever and I was mentally fit."

Seles was making her first appearance at Indian Wells since 1993, when she won the title. While she reached the semi-finals of the 1999 Australian Open, Seles has only played three events this year and hasn't won a title in five months.

"My mind wasn't there," Seles said. "She really didn't give me a chance to get into it. My head wasn't there, my game wasn't there. I was just pushing the ball back." When asked why her mind wasn't in the match, Seles snapped, "That's for me to ponder."



Martina Hingis shows her quality during the 6-1, 6-3 win over Patty Schnyder in the Evert Cup

## Caddie 'Fluff' is sacked by Tiger

**GOLF**  
**BY KIERON DALEY in Cleveland**

THE WORLD No 1, Tiger Woods, has announced that he has sacked Mike "Fluff" Cowan and hired Raymond Floyd's former caddie, Steve Williams, to carry his bag.

"Fluff and I have discussed this over the past few weeks and we both feel it is in our best interest to part ways," Woods said in a statement issued through his agent.

Woods said he appreciated the support which Fluff provided and recognised the contributions he made, "but it is time to move on".

Cowan had been Woods' caddie since the three-time US Amateur champion turned professional in August 1996. Together, they won seven PGA Tour events, including the 1997 Masters.

The caddie change followed reports of a rift between Cowan and Woods, who had turned to high school friend Byron Bell to carry his bag during a victory

at San Diego last month and at the recent World Match Play Championships.

At the time Woods explained Cowan's absence by saying that Bell needed to earn some money for medical school.

Golf World magazine, however, had reported that Woods and Cowan had a verbal altercation at the Los Angeles Nissan Open and that Woods was upset that Cowan, in a recent Golf Digest article, had revealed the pair's financial arrangement.

Williams was hired after Woods' coach, Butch Harmon, discussed the possibility with Floyd. After getting Floyd's approval, Harmon talked to Williams, then Woods talked to both Floyd and Williams before making it official.

### Sheep dressed up as lamb

Sir: Alan Watkins appears to enjoy playing Cassandra to what he feels are England's over-inflated rugby aspirations, and sometimes not without reason, but his fellow countrymen must be disconcerted to read that he seems to be prepared to abandon the land of his fathers in favour of a "Celtic Nations XV". Perhaps he might be reminded that the populations of Wales and New Zealand are approximately equal.

**JIM BURROWS**  
Lyme Regis, Dorset

Sir: France and Wales put on a terrific - if naive - show of running rugby in Paris at the weekend while Ireland and England served up some predictable and fairly dull fare in Dublin. It seems the only certainty emerging from this year's Five Nations is that October's World Cup will not be endangered by any of them.

**FRANK THOMAS**  
Chesterfield

### Confused? You will be

Sir: No one accused Mr Ron Noades of greed when he accepted the exceptionally generous £23m offer from Mark Goldberg for Crystal Palace while still retaining ownership of the ground.

Goldberg desperately wanted the club, Noades knew it and rightly took advantage. That's good business. Mr Noades appears to be waiting in the wings to see if he can pick the club up at a bargain price.

Terry Venables was the man Goldberg desperately wanted as coach. Venables knew it and rightly asked for a generous package. Mark Goldberg agreed. More good business.

This seems to indicate that Mr Goldberg has more than a little to learn from Messrs Noades and Venables about life in the business jungle formerly known as football.

**JASON CLARK**  
Corlisle

Sir: I'm confused. According

## SPORTS LETTERS

Post letters to Sports Desk at 1 Canada Square, Canary Wharf, London E14 5DL and include a daytime telephone number. Faxes to 0171 293 2894 or e-mail to sport@independent.co.uk. E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

to various media reports, Crystal Palace had debts of £9million; a more recent report in your newspaper put the latest figure at £20m.

If, as claimed, the club is showing a profit on transfers since Mr Goldberg's arrival, how can these figures be accurate? And if they are, can someone explain what the money was spent on?

**GERRARD FLOOD**  
Purley, Surrey

### High time for a pantomime

Sir: This week a Briton stands an excellent chance of winning the undisputed world heavyweight title when Lennox Lewis fights Evander Holyfield. But the build-up to

the fight is not what I would have expected and certainly nowhere close to the sort of coverage dear old Frank Bruno used to attract.

Could it be that because Lennox Lewis still talks with a Canadian accent and hasn't appeared in a pantomime that the British sporting public haven't taken to him? You can bet they will if he brings home the world title.

**JOE SIMPSON**  
London

### FA should send for the doctor

Sir: The recent problems over Glenn Hoddle and Kevin Keegan led me to think about some more original and lateral thinking approaches to success in football. Not so

long ago Dr Meredith Belbin blew a hole in the conventional approach to management team building and at Henley Staff College used to allow the resident staff to pick their best team for management games, and then he would screen the rest using his methods and pick an alternative team. His team nearly always won.

I think it would be very interesting to allow the new England manager to pick a squad and then allow Dr Belbin to chair a group of new thinkers to use psychological, sociometric and biometric tests to screen other players, some of whom might not even be playing League football. The new thinkers would then produce an alternative England team which would train together

before taking on the conventional side. It would be a fascinating experiment to see which team won.

**A J CASTON**  
Tervuren, Belgium

### Stop the crocks

Sir: Once again our cricket selectors are in effect gambling by picking players subject to their fitness. Surely the lesson must be learned: to contemplate entering any competition with players whose fitness is suspect is at best risky, and, at worst, likely to result in failure, as has been shown before (a football as well as cricket).

There is no fitness test that adequately replicates actual playing conditions over a sustained period of com-

### Ref's red mist

Sir: Nowadays, it is not uncommon, justifiably or not, for football managers to criticise a referee's decision. No one likes to be criticised, not even the referees. This week, Paul Durkin was blasted off Paul Scholes.

On the face of it there was nothing unusual about this outburst. It happens week-in

### Not King Cole

Sir: Manchester United's win against Internazionale proved the perfect showcase for David Beckham's magnificent precision on passing and Dwight Yorke's superb all-round play.

Sadly, it also proved conclusively that, although he scores regularly in the Premiership, Andy Cole's non-existent first-touch will prevent him from reaching the very pinnacle of his profession, something Mr Hoddle suggested shortly before he was shown the door.

**MIKE SHAW**  
Perry Barr, Birmingham



# No quick fix for troubled West Indies

The decline of cricket in the Caribbean has reached rock bottom – and it shows no signs of improving. By Tony Cozier in Port of Spain

THE SCENE in the stuffy interview room at the Queen's Park Oval in Trinidad on Monday afternoon was as familiar and depressing as one of West Indies' regular batting collapses.

As the cameras rolled, the recorders whirled and the assembled media shot its questions, the captain Brian Lara, team manager Clive Lloyd, and coach Malcolm Marshall once more tried, with an understandable lack of conviction, to put a positive spin on their team's latest, most humbling, débâcle.

Australia had just dispatched their limp batting for 51, their lowest total in 71 years of Test cricket, for victory in the first Test by the massive margin of 312 runs. It was their sixth successive defeat, the second by over 300 runs, following their galling 5-0 drubbing to the still predominantly white South Africans in South Africa where, only a few weeks earlier, the team leadership was always having to explain away another setback.

While disgruntled fans outside demanded "fire the lot", seasoned correspondents from the Australian and British press arrived anticipating resignations.

A year ago, the England captain, Mike Atherton, had quit in Antigua after losing the series to the West Indies 3-1. Lara's first at the helm. Pakistan captains are changed as frequently as they change the bowling. England football managers would have been long since seeking alternative employment.

Here, there was not the slightest hint of sackings or abdication, simply recycled platitudes about disregarding the negatives and accentuating the positives, about the batting having to dig deeper, about coming back in the remaining Tests, about the tough job of rebuilding for the future.

"I've had the whole of the Caribbean behind me since I was a teenager and there is no reason to let up," Lara assured the press. "I've always been a big trier."

At a media conference **A FADING POWER** WEST INDIES 1998-99

England Kingston... Match abandoned... Lara's first at the helm. Pakistan captains are changed as frequently as they change the bowling. England football managers would have been long since seeking alternative employment.

beamed live across the Caribbean two weeks earlier, the West Indies Cricket Board roundly carpeted Lara, Lloyd and Marshall after South Africa. That immediately compromised their positions and they have been frustrated since by their lack of influence, within the team and within the Board.

The more relevant truth, as Marshall keeps noting, is that the talent is very thin on the ground, a reflection of the lack of foresight during the glory days when the West Indies were so dominant. All of the leading players of that era were engaged in county cricket,

rounding out their skills while at the same time removing themselves from club cricket, the nursery of the game. Nothing was put in place to fill the gap.

"There is just not the skill that there should be at international level," Sir Everton Weekes, one of the great Three Ws batting formation of the 1950s, along with Sir Frank Worrell and Sir Clyde Walcott, said. "There also seems an attitude problem in that the players are simply not trying hard enough."

Sir Viv Richards, a batting giant of a later generation, shared the concern. "Anyone who has supported West Indies cricket over the years certainly would be feeling a little bit sad," he said. "If what we are seeing is the best we can do, we are in a lot of trouble."

"We are in deep turmoil, team-wise, and we're not seeing any inspiring performances to warrant taking Lara's stripes away from him," he added.

The West Indies batting collapse on Monday, while extreme, was not surprising. They have been dismissed for less than 200 a dozen times in their last 26 Test innings and have totalled more than 300 only three times. In the 17 domestic Buxta Cup matches this season, there were more totals of less than 200 than more.

Only now is the Board putting in place specialised development programmes throughout the region.

Weekes is not despondent about the long-term future. He is in charge of a group of under-13s in Barbados where he has identified "lots of genuine talent and genuine interest."

"These little fellows are as keen as mustard and learn fast," he said. "What we're doing in trying to instil in them the basics and the discipline that it needed for when they move on up the age-groups to first-class and, eventually, Test level. Those are two areas that are lacking in the present team."

But there is no quick fix to the current crisis. The next three Tests against Australia are going to be tough to take if you happen to be West Indian.

The West Indies vice-captain, Carl Hooper, said yesterday he may make himself available for the third Test against Australia, pending the latest medical results on his sick baby. Hooper's son is being treated in Adelaide for an undisclosed medical condition. "If all goes well... I'll be back," he said.

Nottinghamshire have also named their overseas player for the new season, signing up the West Indian all-rounder, Vasebert Drakes, following the decision to part company with the Zimbabwe spin bowler, Paul Strang. Drakes, the 29-year-old Barbadian who has played five



Brian Lara: Could only offer platitudes after another heavy Test defeat **All Sport**

## Leicestershire close deal with Kasprovicz

By MICHAEL DONNELLY

LEICESTERSHIRE, THE county champions, have signed Michael Kasprovicz as their overseas player for this summer.

The Australian Test pace-man has agreed a one-year contract and replaces the West Indian Phil Simmons as the overseas player at Grace Road. Kasprovicz has not been named in Australia's World Cup squad, which means he is available to play for the whole of the summer. Leicestershire will lose Alan Mullally and Vince Wells for the early part of the season because they are both in the England World Cup squad. Mullally is then expected to play for England in the Test series against New Zealand.

The Leicestershire manager, Jack Birkenshaw, said: "We said that we would wait until the announcement of the World Cup squads before making a decision on our overseas player. I was delighted that Mullally and Wells were selected for England but this did impact our bowling resources and as a result we have been seeking a proven international bowler who would not be involved in the World Cup."

"I was very surprised that a player of Michael's quality had been omitted from the Australian World Cup squad and we moved quickly to secure the services of one of the world's leading players. Phil Simmons has been a popular and successful player here but he is in the West Indies squad of 19 for the World Cup and with the season just five weeks away we had to make a decision between Phil and Michael."

Kasprovicz, who last weekend took a hat-trick for Queensland in their Sheffield Shield match against Victoria, will be joining Leicestershire in time for their first friendly against Northamptonshire in April.

Nottinghamshire have also named their overseas player for the new season, signing up the West Indian all-rounder, Vasebert Drakes, following the decision to part company with the Zimbabwe spin bowler, Paul Strang. Drakes, the 29-year-old Barbadian who has played five

one-day internationals for the West Indies, is being given another chance to make an impact in county cricket after having two seasons with Sussex. Drakes came to the attention of the new cricket manager at Trent Bridge, Clive Rice, when he was looking for an overseas player who would be available throughout the season.

The West Indies has made a name for himself with Border in South Africa by playing a major part in their success in the Super Sport series, taking 58 first class wickets to help them reach the final of the four-day competition where they lost to Western Province. Drakes' decision to base himself in South Africa has meant that he is ineligible for the West Indies, due to their regulations about players playing a certain amount of domestic cricket in the Caribbean.

"The important thing was that we had an overseas player who would be available for the whole season, and Vasebert impressed me as being someone who was hungry for success following his achievements with Border," Rice said.

The England A coach, John Emburey, believes Michael Vaughan has shown the potential to be a future full Test captain. The Yorkshire batsman has led from the front on the A team's successful tour of Zimbabwe and South Africa, scoring 336 runs and showing natural leadership qualities.

After England A completed their programme with a 46-run win against the President's XI in Cape Town on Monday, Emburey was full of praise for the 24-year-old. "I think that Michael Vaughan has led the side particularly well. His captaincy has improved throughout. He's led from the front and gained the respect of the players all the way through," Emburey said.

Kent have elected a retired company director, Carl Openshaw, as their new chairman in succession to David Kemp, who retired after the annual meeting in Maidstone last night.

## Six pursue final World Cup place

**RUGBY LEAGUE**

By DAVE HADFIELD

SIX OF rugby league's developing nations are to play off against each other for the 16th place in the World Cup to be held in Britain and France in 2000.

The meeting of the game's International Federation in Sydney yesterday decided that Italy, Lebanon and Morocco should meet in a Mediterranean Cup organised by France.

The winner of that will then meet the side that comes out on top of a tournament involving the United States, Canada and Japan, the winner gaining the prize of the last place in the competition proper.

It was again confirmed that Japan have been awarded conditional membership while the USA and Canada have become honorary members.

Salford have suffered a major blow in the build-up to their Silk Cut Challenge Cup quarter-final against Castleford this Saturday with the news that their Australian second-row forward, Darren Brown, will be out for six weeks after breaking a bone in the base of his thumb in the defeat by St Helens on Sunday.

Castleford's Dean Sampson has been cleared to play after the disciplinary committee decided to impose no ban for his sending-off against Wakefield.

Wigan hope to have Tony Smith back in their squad for their Super League game with Leeds at Headingley a week on Friday.

The Great Britain scrum-half missed the Challenge Cup defeat by the same opponents last month after cracking a bone in his ankle, but has made rapid progress and could force his way back into contention when Wigan try to take revenge.

Wigan's researches have confirmed that their captain, Andy Farrell, has set a club record by scoring in 49 successive matches.

## Routledge counters Nemeth's criticisms

**BASKETBALL**

By RICHARD TAYLOR

THE BASKETBALL League chairman, Kevin Routledge, yesterday presented a starkly contrasting view of the domestic game to the England coach, Laszlo Nemeth, who claimed at the weekend that the flood of American players into the country was destroying the national team.

"The domestic product is actually in a healthy state," said Routledge. "The Uni-ball Trophy final at the weekend is heading for a 7,000 sell-out, the second major event in three weeks to be a complete sell-out."

However, the previous occasion Routledge was referring to, the All Star game, supports Nemeth's argument in that it featured 34 Americans, with no domestic player earning selection.

"The ever increasing interest in the professional game has to be good news for everyone involved in it, including the England programme," Routledge insisted. But he also acknowledged there was little prospect of enticing home England's leading internationals. In fact from Nemeth's last England squad, nine of the players are playing for Continental clubs.

"The British game can't compete with the salaries of the top clubs from the Continent," said Routledge. "The leading European clubs have a turnover which is far in excess of any club in the top flight of rugby union in this country and comparable to some clubs in soccer's Premiership. We can't – and wouldn't want to – prevent homegrown players from earning the best money available."

"But the current England team has the best crop of players ever in the national programme. Those playing abroad are strengthened by the standard of European competition and those who remain here are strengthened by the increased standard of the Bundesliga."

"We suspend the Bundesliga League programme to make players available for England and have met all requests for England training from the start of the season."

Saturday's League Trophy final is now looking even less competitive than previously feared with the Derby Storm losing their 6ft 11in star Nick Donovan with a knee injury for the game against the Bundesliga League leaders, Manchester Giants. Derby are already without their suspended American Rico Alderson and the England international York Williams.

Derby Storm losing their 6ft 11in star Nick Donovan with a knee injury for the game against the Bundesliga League leaders, Manchester Giants. Derby are already without their suspended American Rico Alderson and the England international York Williams.

### SOUTHWELL

#### HYPERION

1.40 Bigwig 2.10 Yes Keemo Sabee 2.40 Absolute Majority 3.10 North Of Kala 3.40 Trojan Girl, 4.10 Samwar 4.40 Complimentary

GOING: Standard. STALLS: 51. Outside: rest – none. DRAW ADVANTAGE: Middle to low best for 51, low best for 71. Forward: standard left-hand ship, oval course. 11. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 12. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 13. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 14. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 15. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 16. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 17. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 18. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 19. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 20. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 21. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 22. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 23. Course: 2m SE of town and SW of Newmarket. Ballerina: 10. 24. 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Boxing: Generations of horizontal British heavyweights can be avenged at Madison Square Garden on Saturday night

# Lewis fighting America's prejudice



**RICHARD WILLIAMS**  
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THE BIG MEN came back to the Big Apple yesterday, only to find that America's mind was on another time and another place. For a while, at least, the winter of '99 took a back seat to the summer of '41. Evander Holyfield and Lennox Lewis could only sit quietly and wait their turn while baseball fans mourned Joltin' Joe DiMaggio, remembering the year of his great batting streak and acclaiming an American hero.

The notion of losing another American property, the heavy-weight championship of the world, is not on their minds. You would have to look hard to find any local expert, other than those connected with Lewis's camp, who do not feel that Holyfield will emerge from Madison Square Garden on Saturday night as the first undisputed champion since Riddick Bowe took all three titles from him in Las Vegas in November 1992.

According to Lewis, the reason is nothing to do with his prowess as a boxer and everything to do with his decision to fight under the British flag. Responding to the words of Wallace Matthews of the *New York Post*, who dismissed him this week as a man with "three passports but no credentials", Lewis said: "I've been reading that kind of thing ever since I've been in the United States. I've got used to it. If I'd come here straight after the Olympics, they'd have adopted me and everything would have been fine. As it is, I'm classed as a British fighter with everything that involves."

If the Americans feel that Lewis has generations of horizontal heavyweights to live down to, they may be deluding themselves. He will bring not only the World Boxing Council title into the ring on Saturday



Heavy work: Britain's Lennox Lewis hammers away in a New York gym yesterday in preparation for the most important fight of his career, against Evander Holyfield. *Allsport*

but also the stature of a genuine heavyweight champion, albeit one whose career has been often diverted and occasionally thwarted by the sort of commercial considerations that have little to do with the science of pugilism, but have nevertheless weighed heavy on the sport throughout its history. Evading an opponent outside the ring is sometimes as important as dodging his punches inside it, and Lewis, at 33, has been a frequent victim of elusive opponents - beginning with Bowe, who jettisoned the WBC title rather than put all three belts at risk in a confrontation with the man who had stopped him inside two rounds in the super-heavyweight final at the Seoul Olympics in 1988.

"The important thing is to know who you are and what you've done," Lewis said this week. But even his boosters are sometimes less than sure about that. The most enigmatic of fighters, Lewis has several fine performances to his credit, notably his second-round demolition of Donovan Ruddock in 1991 and his 95-second demolition of the unpredictable Andrew Golota 18 months ago, but his escutcheon remains tarnished by the memory of his slow start against Frank Bruno at Cardiff Arms Park in 1993 and victories against several men who belonged either in the psychiatric ward (Oliver McCall, on their second meeting) or the knacker's yard (Tommy Morrison, Henry Akimwande). As he faces the biggest fight of his career, maybe even Lewis does not know which version of himself will answer the first bell at the Garden.

At least this fight will not be subjected to unfavourable comparisons with DiMaggio's deeds. Had Mike Tyson been fighting this week, his life and

between two men of good public behaviour and reasonably unblemished reputation - although Lewis tried to ruffle Holyfield's feathers last week by describing him as a "hypocrite" for presenting himself as a Christian while fathering children by numerous women. But

*'I can live with all this put-down stuff because I know that it's within me to become the undisputed champion of the world'*

works would no doubt have been held up for instructive comparison with the flawless dignity and grace of the Yankee Clipper. Instead we are presented with a boxing match

that, like the sudden surge of rumours concerning Lewis's sexuality, which obliged the fighter to out himself as a heterosexual, is likely to be forgotten as the fight nears.

For this is, in boxing terms, a genuinely historic event, as close as one can come in today's climate to a straight-forward contest between the two best available contenders. Admittedly, the competition below them is hardly impressive, but that only makes this more like most other eras, rather than less.

All 19,000 seats at the Garden were sold out within a fortnight of the announcement of the fight, which suggests that American boxing fans are taking the event seriously - although there is a nice but unverifiable story that, after the \$1,500 (£930) ringside seats had gone in a rush, a slower response to the next tier of \$1,000 (£620) tickets was solved by putting them, too, up to the

top price. New Yorkers are pleased to see a big fight back in their town, where so much of the sport's history was written.

The current Garden is the fourth to bear that name. The first of them really was built in Madison Square, near the Flatiron building on 23rd Street at Fifth Avenue. The third, on Eighth Avenue at 50th Street, was the one in which boxing legends were created, and was surrounded by gyms and fight taverns - Lou Stillman's Gym, the Times Square Gym, and Jack Dempsey's Bar. This was where Rocky Marciano knocked out Joe Louis, and where the young Cassius Marcellus Clay came on 13 March 1963, 36 years to the day before Saturday's fight, to withstand a hail of boos from a

solid-out house of sceptical New Yorkers while seeing off Doug Jones over a hard-fought 10 rounds.

Erected in the late 60s, 15 blocks to the south, where it backs on to the majestic Post Office headquarters, the new Garden will always be thought of, whatever happens on Saturday or any other night, as the place where Ali and Joe Frazier fought out their no-quarter battle of 8 March 1971, when Smokin' Joe retained his title by holding out for victory over a man in his third fight after an enforced three-year lay-off. But little within the precincts, or in the streets surrounding it, breathes the essence of boxing.

When Holyfield emerged for a public workout yesterday morning, it was neither at the Garden nor at some atmospheric old premises inhabited by the Runyon-esque spirit of New York boxing. It was, instead, at the Church Street Boxing Gym, a new establishment located in a basement on the downtown frontier between fashionable, arty Tribeca - a place of lofts and restaurants owned by the more bohemian kind of movie star - and Wall Street, home of the true masters of the universe.

The whitewashed walls were clean, the floor was unscuffed parquet, there were carefully painted murals of Louis and Dempsey, the bare-alloy heating ducts looked as if they'd just been polished, the fight posters were new, and the equipment was box-fresh (if you tapped one of the heavy bags, it gave off an aroma not of sweat or embrocation but of top-quality leather). The house rules were neatly printed on a plastic sign: "Disreputable behaviour of any kind will not be tolerated," one of them read, but you could not imagine the possibility arising. Holyfield, clearly in a genial mood, worked out to the strains of Christian rap music. He hardly looked like a man living in fear of losing his World Boxing Association and International Boxing Federation titles. But Lewis has a faith of his own. "I can live with all this put-down stuff," he said on Monday, "because I know that it's within me to become the undisputed champion of the world." This fight may lack the dimension of hate-type that surrounds any event in which Mike Tyson is involved, but the business at hand could hardly be more serious.

## Fragile truce in war on the water

THE BICKERING is in full swing, the budgets are escalating and egos are already being bruised. It must be America's Cup time again.

Sport's oldest trophy may be moving into the 21st century, but it cannot bear to relinquish its grip on the 19th, when its culture was established.

Adding to a powerful cocktail of technological star wars on the equipment side and psychowars ashore, this week came a threat by the president of the sport's world governing body, the International Sailing Federation, to outlaw the whole event.

Paul Henderson's gripe is over who makes the rules and who appoints the referees to administer them. He has also insisted that he wants the competing syndicates to pay about \$500,000 (£310,000) to the ISAF. But, in his latest missive from his Canadian home, Henderson says: "I told them to forget the dollars and run an outlaw regatta if ISAF did not at least ensure fair play. They are now reneging on their agreement [to run under ISAF rules and let the body appoint the umpires] and I may have to make it an outlawed event, with the relevant penalties for the sailors and ISAF officials."

As if there were not problems enough without threatening to expel the top players, there were howls of dismay when New Zealand announced, in San Diego in 1995, that their win was the last the world would see of an America's Cup in the 20th century. They would, said their national hero and soon-to-be knighted Peter Blake, defend in February 2000. That meant the event went into a state of suspended animation as the world turned to countless Test matches, five Super Bowls, an Olympic Games and a football World Cup.

But, over the last fortnight in Auckland, the lights were turned on again. It was not just

Tales of paranoia, breached security, aggression and team discord tell us that sailing's oldest event is underway. By Stuart Alexander in Auckland

the flashing smile of Frenchman Bruno Troublé, a former Cup helmsman and now the driving force behind the Challenger series sponsorship of Louis Vuitton. He was in good spirits at the reunion, despite having to try to hold things together as late wobbles developed between the America's Cup Challenge Association and the American broadcaster with whom they had a deal, ESPN. Syndicates constantly need to reassure and appease their sponsors over television exposure. Thus, when one of the syndicates - not surprisingly the New York Yacht Club's Young America - said it was putting a billboard on its hull and mainmast for a rival TV company, Fox, the feathers started flying. And, as ACCA is run by the Challenger record, which doubles as

the New York Yacht Club, there were immediate accusations of duplicity of the kind the club endured a century ago.

Whatever had happened to the pledges to turn the America's Cup into a friendlier event instead of being riddled by paranoia about security, with people using lasers and infra-red to hack into data transmissions, or stealthy divers to take pictures of secret keel designs?

But the aggression on the water has already begun. The plot of the Team New Zealand support boat took exception to the close attentions of his Nippon Challenge opposite number and took radical action. He rammed the Japanese boat hard, dropped back, and rammed him again. The police were on standby next time the two New Zealand boats went out.

There were signs of a more relaxed approach in the warm-up regatta held in Auckland last week. The Italians, who fly in their own food for their cooks to prepare, held a party and invited crews from the rival syndicates. To be seen fraternising with the enemy in the past would have been a guillotining offence, but here was everyone happily mixing, including members of the arch enemy, the defending Team New Zealand.

A softer touch is also promised by the only woman skipper in the self-styled City of Sails, San Francisco's Chicago-born Dawn Riley. She has local Olympian Leslie Egnot calling some of the shots. Riley neither gives nor looks for any quarter for her American True crew but says she is planning a more

open approach in her compound. "We don't want it to be like a fortress," she says. "So we will be building a viewing deck for the public. We want the atmosphere to be friendly."

The Italians can afford to be generous. Backed by the Italian fashion house of Prada, they are said to be the best-funded of the 10 likely challenges, including five from the US. But Prada boss Patrizio Bertelli is smiling all the way to the bank since he bought a 9.5 per cent stake in Gucci last November and then sold it for a near-NZ\$200m (£66.2m) profit in January to Louis Vuitton.

And he also has employed Doug Peterson, who knows exactly how the Kiwis won the Cup in San Diego, having been on their design team. The challengers may be united in the

wish to defeat New Zealand now but they are also squaring up for their own battles, even though the first Louis Vuitton race is seven months away.

There are also splits in Team New Zealand, and between TNZ and the sailing community in Auckland. One overseas sailor claimed he had uncovered, to his horror and disbelief, the "Kiwi life list". On it are people who are now outsiders as far as TNZ is concerned. For life.

The city itself has invested about NZ\$50m into infrastructure which they hope they will be able to use twice because of a successful defence, and are following up with another NZ\$1.5m to smooth the path of the Volvo Race in 2001. There is a fear, however, that, if they are all finished in time, there will be a huge oversupply of apartments. But the Cup has given a kick-start to both attitudes and interest and provides the focal point of Viaduct Basin's America's Cup Village. This includes a visit of over 100 super-yachts and the development of 35 restaurants and bars for them and for every visiting Kiwi around the basin, from which the world can watch the yachts entering and leaving each morning and evening.

The trouble for the Kiwis is they have no defender trials, so they have to be content with limbering up for four months before taking to the water themselves. Still, no one is betting heavily against them. And if the frenzy is all too much, then it is a short plane ride to Blenheim on the north-west of South Island. There you can find a glie called Tony Orman and chase some very elusive brown trout, washing away the frustration in the evening with some Cloudy Bay Chardonnay from the local Marlborough wine fields.

The colour of the water on the racecourses of the Hauraki Gulf will be a lot more murky.



Defending champions Team New Zealand at the start of their Road to the America's Cup race against Italy. *AFP*

## Darbon saves Oxford

HOCKEY

BY BILL COLWILL

THE 99th Varsity match ended in a 2-2 draw at Milton Keynes yesterday after Oxford came from behind with late second-half goals to snatch the 17th draw of the series, which Cambridge lead 45-37.

Cambridge took the lead when their former Oxford Blue Adam Laird won a penalty corner in a clash with David Eadie, the Oxford captain, and then deflected Ian McClive's powerful drive into the roof of the net. Five minutes later their Belgium Under-21 international Thierry Gruslin increased the

lead following a long pass from Gareth Weir.

Oxford hit back in the 53rd minute through Tim Johnson and equalised two minutes from time at their 11th penalty corner. Eadie's strike was well saved by goalkeeper Miles Harris, but he could do nothing to stop Mark Darbon scoring.

Cambridge took victory in the women's game for the fifth time in a row, triumphing 4-1.

## PHILIPS SAFETY RECALL

### Philips PCA120SA and PCA300SA multimedia PC loudspeakers

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PHILIPS





## SPORT

THE PUNDIT WITH PEDIGREE P18 • LARA'S WEST INDIES IN CRISIS P20

## Indian striker adds spice to Villa's options

ASTON VILLA could be poised to introduce the Premiership's first Indian footballer after taking the international striker Bhaichung Bhutia on trial.

The 21-year-old has appeared 31 times for his country, scoring 21 goals, and has permission from his club, East Bengal, to train at Villa Park this week. The Villa manager, John Gregory, plans to assess the player's qualities before

FOOTBALL  
BY TOMMY STANNIFORTH

deciding whether to invest in a forward who would command a nominal fee.

Gordon Smith, acting as the player's agent, said yesterday: "Bhaichung is regarded as India's top footballer and Villa are keen to have a look at him. There is a large Indian com-

munity within the West Midlands area and the club are keen to search for fresh talent which reflects this."

Villa did make one concrete move yesterday with the signing of Mark Delaney from Cardiff. The 22-year-old Wales B wing-back was playing for the League of Wales side Carmarthen Town just a year ago and admitted the deal was "a bolt from the blue".

A string of impressive performances during the Welsh club's Third Division promotion challenge this season led to him being tracked by a number of top sides including Arsenal, Chelsea and Celtic. But Villa were the first to make a move and Delaney has signed a four-year contract which could net Cardiff up to £500,000, depending on the number of first-team appearances.

The Blackburn Rovers manager, Brian Kidd, has switched his search for a midfielder after he was snubbed by West Ham after a renewed bid for Steve Lomas. Rovers have offered around £4.5m for Lomas, the Hammers captain, but Harry Redknapp wants £5.5m. Kidd has been alerted that Miller can leave Ibrox for around £1.5m and has had him

watched playing for Rangers reserves.

Steve Harkness has signed a three-and-a-half-year contract with the Portuguese giants Benfica. The Liverpool defender trained with his new team-mates on Monday and is expected to make his debut against Boavista in the Stadium of Light this Sunday.

Derby's player-plus-cash bid for Vas Borkakis was yesterday

on hold as Sheffield United tried to raise enough money to tempt Jonathan Hunt and Robbie Kozluk to move to Bramall Lane.

Borkakis, who is on the transfer list after a dispute with the United manager, Steve Bruce, had been expected to move to the Premiership club today. But with United £6m in debt, it was unclear whether they would be able to offer Hunt and Kozluk sufficient

money to get them to drop down a division.

World football's ruling body, Fifa, said yesterday it would conduct trials involving two referees officiating each match in "top leagues" from next season. They will probably be in Italy and France.

John Lambie was yesterday confirmed as the new manager of the Scottish Second Division side Partick Thistle.

## Collymore 'should be in hospital'

STAN COLLYMORE'S long-term future as a player is in some doubt after his doctors decided that he should continue his medical treatment in a psychiatric hospital.

For the moment, the Aston Villa striker will continue to receive treatment three days a week and train for two days, but his doctors would prefer him to spend the full week in hospital.

John Gregory, Aston Villa's manager, has had another lengthy discussion with Collymore over the immediate implications of the player's hospitalisation.

"We were both able to put over our points of view," Gregory said yesterday. "Stan was able to make me aware of what it is like to suffer a clinical depression. For me it was being able to tell him how vital it was to have players raring to go and to give everything they've got on the field every Saturday afternoon. There are also the problems I face with Stan being unavailable to me for three days a week."

"We made one or two points to each other as I'm totally ignorant of the fact of what is clinical depression and what it is to suffer from this complaint. Unfortunately we've no idea how long it will continue. I'm willing to go along with the present situation for the time being but I said three months ago it will be me who has to take all the blame for him not being able to cope with this problem. "I wouldn't wish the situation

BY NICK RIPPINGTON

on any other manager and Stan himself wouldn't wish his problem on anyone else."

Gregory explained that Collymore cannot influence his mood swings, but he said the player appreciates his problems as a manager.

"He has been very articulate in the way he has described his daily problems when he has no control over his moods," Gregory said. "His doctors have told him what happens to people when they suffer this particular problem. I am now slightly more understanding of his condition and problems which he has seemingly had for a very long time."

"He understands the chairman and board have paid a lot of money for him and that as a manager I would like to select the best team that will win every week."

"Stan has made it plain to me that he doesn't want to play for any other club but Aston Villa and is totally committed to Villa and do his best for the club. But as a football manager I have to produce a winning team. My whole life revolves around sending out a winning side. If the components are not right then you don't have a winning team."

"If Stan Collymore is in the side he must be performing particularly well in every game he plays in the Premiership we cannot afford to carry any passengers."

"Currently he is visiting a

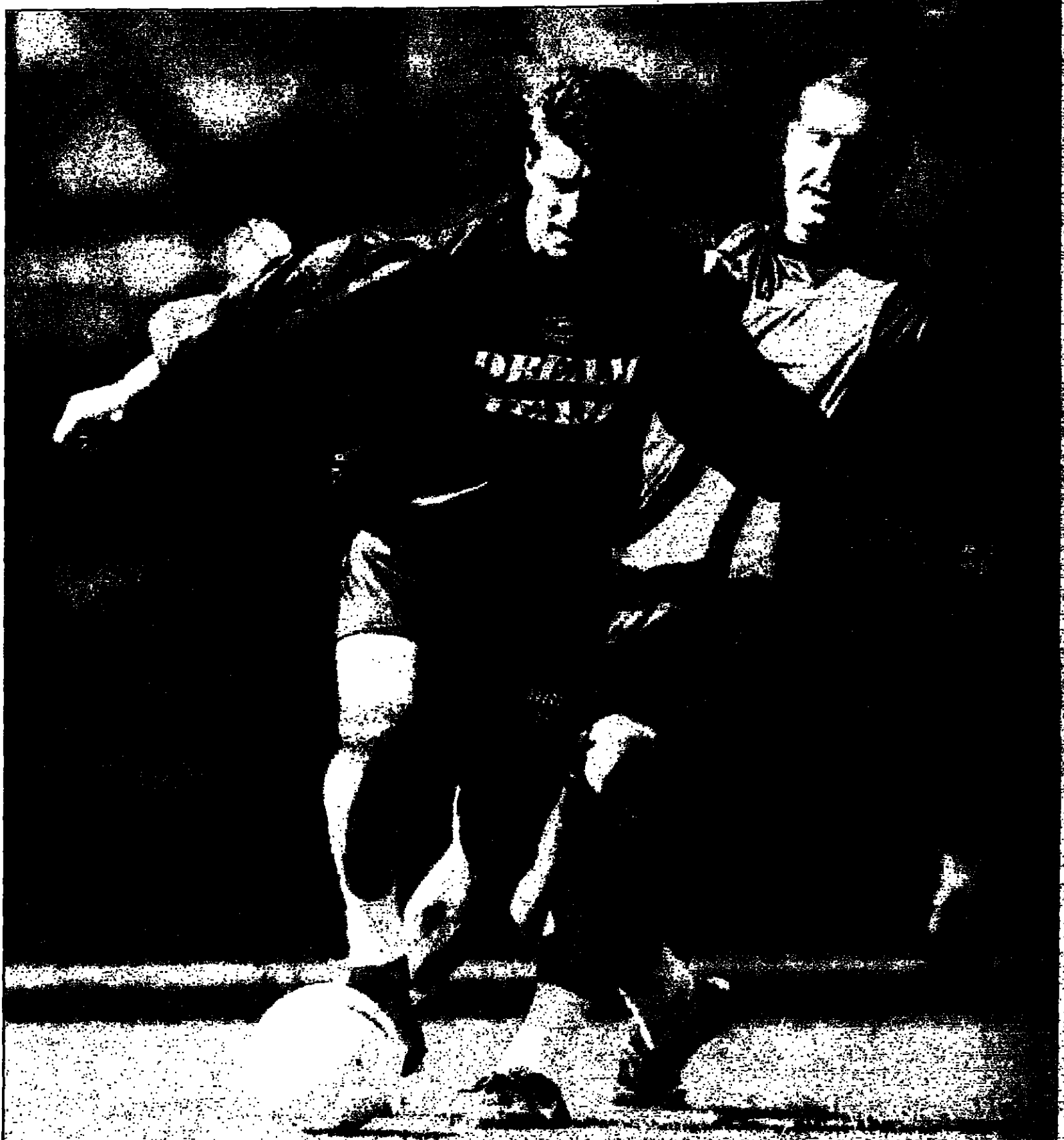
psychiatric hospital three days a week, it's not a very nice place to be and it's not from choice. But I can't come to terms with the situation looking at his life and circumstances. I am however prepared to give him the benefit of the doubt."

"There has to be a decision somewhere down the line where he attempts to be with us more often. He himself wants to get well and that means more to him than a football match. He has tried everything to overcome these feelings he has had and he can't at the present time. He can get up tomorrow morning and not know how he feels. Some days he could climb Everest and other days he can't climb out of bed."

"But it all seems to be a waste of talent. I've often sat there watching him play wishing I had been blessed with such talent. I've told him many times that he should do better for himself. His best game for me was probably his first when he scored two goals. That was his standard which he has since failed to reproduce."

"We now know a little more about him but I couldn't cheer him up even after that game when he had scored two match-winning goals against his old club Liverpool. He went off to a standing ovation yet in the dressing-room he was depressed, giving an early indication of the highs and lows he suffers."

"Unfortunately his mind is totally negative as he always sees the downside of any situation."



Eric Cantona tackles Brian Laudrup in training in Barcelona yesterday for a match between a World XI and a Barca Dream Team AP

## Ferguson keeps the heat on Wenger

ALEX FERGUSON has aimed a well-placed dig at the Arsenal manager, Arsène Wenger, in their continuing battle of minds. The two adversaries are once again trying to unnerve each other as the pursuit for honours comes to a climax.

The Manchester United manager began the latest exchange when he claimed his side's goalless draw with Chelsea in the FA Cup on Sunday made the Gunners favourites for the title. Wenger countered Ferguson by claiming the advantage was with Old Trafford's treble-chasing team.

BY DAVID ANDERSON

Wenger also offered to swap positions with the Scot if he was so confident that the champions have the advantage. Now Ferguson has hit back at the Frenchman, saying: "I can understand his offer because we're in the Champions' Cup and they're not."

Ferguson and Wenger's psychological war would be bound to escalate if United beat Chelsea in tonight's quarter-final replay and set up a semi-final date with the Gunners at Villa Park on 11 April.

Ferguson is expected to re-

vert to a more familiar 4-4-2 formation for the Stamford Bridge tie after playing Ole Gunnar Solskjær as a lone striker and Phil Neville as a man-marker at Old Trafford on Sunday.

Ferguson's tactics did confuse Chelsea initially, but they were not enough to break down the Blues' 10 men in the second half.

Dwight Yorke and Andy Cole should return to spearhead the attack, although Ferguson claimed he would decide on his line-up only after the team arrived in London. Jaap Stam is available after suspension and Ryan Giggs returns after a

nose operation, but Nicky Butt and Ronny Johnsen are still injured.

Ferguson said: "We've got to consider how we can get through to the next round. We created enough chances on Sunday to have won it and the only difference being, I would imagine, at home Chelsea will have more of the game than they did at Old Trafford."

So far this season 270 minutes of football have not been enough to separate these two heavyweights, but there must be a winner tonight - even if it requires penalties - and Ferguson is anticipating another

tight contest. "The fact that it was zero-zero on Sunday helps the scoring ability of both teams," he said.

"We had a 0-0 draw at Stamford Bridge and a 1-1 earlier in the season which suggests a closeness between the two sides and thereby you would expect another close game."

"When good teams play each other there is always a certain professionalism and pride that comes into play and that's what we will see tomorrow."

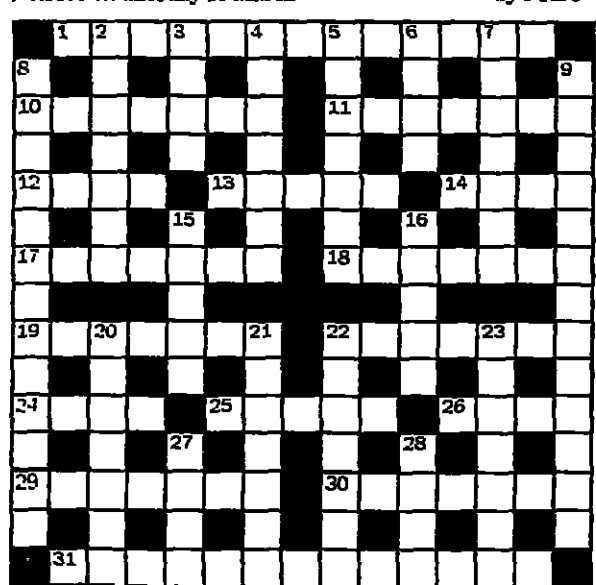
"It should be a smashing game and with so many quality players on the pitch it should be entertaining."

## THE WEDNESDAY CROSSWORD

No. 3866 Wednesday 10 March

by Pedro

Tuesday's Solution



- ACROSS
- 1 Originate neat term, perhaps, for concept of luxury? (4,9)
  - 10 Woman I encased in curious metal (7)
  - 11 Be devious, ordering double just before end of pub hours (13,4)
  - 12 Soft food that encourages dogs to run (4)
  - 13 and 16 down Item on table is brown (unpleasantly) crusted on the outside (5,5)
  - 14 Perhaps dinner gong has middle knocked out (4)
  - 17 Writer took a little exercise (7)
  - 18 About four weeks after losing face, self-confidence is activated (2,3,2)
  - 19 Some cold steel, refined, but no good (7)

- 20 One following Deutschemarks, investing in German capital once? He's no freedom (7)
- 24 Edges? Cuts front off (4)
- 25 See 15 down
- 26 Endless pot will have schoolkids lining up! (4)
- 29 Quite a few upset me badly, mistaking South for North (7)
- 30 Act like Scheherazade, with new Arabian catalogue? (7)
- 31 United excited commander with weapon? Not in this! (7,6)

- DOWN
- 2 Serious crime with the least amount of theoretical justification (7)
  - 3 Transport system makes you go on and on (4)

- 4 About seconds: tucking into extra may lead to a useful feeling (7)
- 5 Red coat redesigned in 30s style? (3,4)
- 6 No order to take up? Hang around aimlessly (4)
- 7 One breaks into part of church - ends in court house affecting innocence (7)
- 8 By which Democrat shades out Republican in election? (7,6)
- 9 Knowing who'll get you a water supply? (4,9)
- 15 and 25 across Eruption from Sun rose far, all in turmoil (5,5)
- 16 See 13 across
- 20 Rotating devices fix a quantity of rotation (3,4)
- 21 Peace, as a result of restraining the French (7)
- 22 Romantic entangling in Corby (7)
- 23 Sadly, farm animal up-ended drink (7)
- 27 Look - badge avoiding thoroughfare (4)
- 28 Black? Mostly dirty (4)

## Howley calls for Welsh unity

ROB HOWLEY yesterday appealed for an end to the dispute which has riven domestic rugby in Wales and ostracised their premier clubs Cardiff and Swansea, forcing them to participate in an unsanctioned series of friendly matches against English clubs.

"We need a unified game in Wales and hopefully we saw the start of that in Paris on Saturday," Howley said. "But it's only a start. This has been going on for the last 18 months and the players and the supporters have had a gutful with all the infighting. I think this is the best time to sort it out, prior to a

RUGBY UNION

BY DAVID LLEWELLYN

summer tour of Argentina and then the Rugby World Cup."

The Welsh Rugby Union has imposed a fine of £150,000 on each of the two rebels, whose refusal to pay has left them facing possible expulsion from the Swalec Cup and ultimately even from the union.

The WRU committee is scheduled to meet tomorrow to

decide on further disciplinary action but Howley, who plays for Cardiff, said: "I just hope it can be resolved. I don't know whether Cardiff and Swansea will be expelled. I'd hope not. The two clubs are steeped in history."

"At the moment there's a number of international players playing for the respective clubs and [their loss] would be detrimental to Wales international chances in the future."

"I would rather they came

out with some sort of agreement, whether that means Cardiff and Swansea return to the WRU fold is something that has to be sorted out, but sooner, rather than later."

There was no trace of the feel-good factor at Leicester following Austin Healey's disciplinary hearing on Monday at which his club ban of three weeks was extended by a further five and ruled him out of the rest of the Five Nations' Championship. The Tigers said

they were considering an appeal.

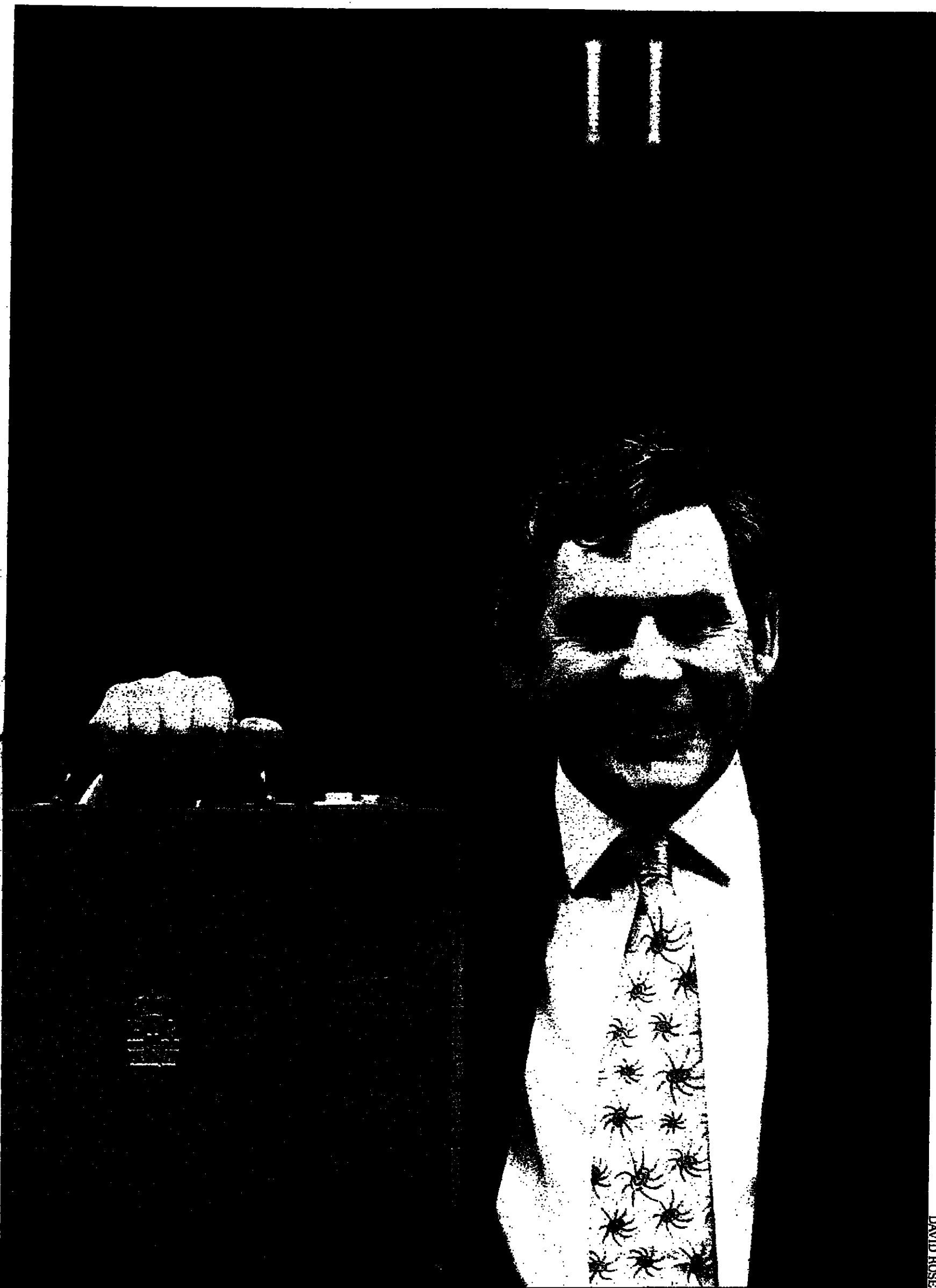
Yesterday David Jenkins came the third major off-field departure at Bath in less than a year when he resigned from his post as sales director. Jenkins follows non-executive chairman Tony Swift and former marketing chief Stephen Hands out of the West Country club's offices.

Wigan Rugby League have dropped their threat to take out a winding-up order against Newcastle Falcons after they paid their £150,000 instalment towards the £750,000 transfer fee for Va'aiga Tuigamala.



# BUDGET REVIEW

IN ASSOCIATION WITH ARTHUR ANDERSEN



**24 PAGES OF NEWS, COMMENT AND ANALYSIS**  
INCLUDING INVESTMENT

When I asked my accountant if anything could get me out of the mess I am in now, he thought for a long time. 'Yes,' he said, 'death would help.'

Robert Morley

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## SUMMARY

## Income tax

A new 10p starting rate of tax on the first £1,500 of taxable income will be introduced from next month. The basic rate of tax is also being cut from 23p to 22p from April 2000. Tax thresholds will be increased in line with inflation. There will also be reform of national insurance aimed at the lower paid and the self-employed designed to take 900,000 people out of NICs altogether. *This page*



## Families and pensioners

The married couple's tax allowance is being scrapped and replaced by a children's tax credit from April 2001 worth up to £416 a year. From April 2000, child benefit will be increased to £15 a week for the first child and £10 for the second child. Parents will be entitled to three months unpaid leave for each child from this December and all mothers will be entitled to 18 weeks' maternity leave. A £1bn package for pensioners includes an increased £100 winter fuel allowance, increased tax breaks and minimum income guarantees. *Pages 3 and 7*

## Consumer protection

The Deputy Prime Minister, John Prescott, is to investigate whether there is sufficient competition in the airport and water industries. The Financial Services Authority will publish league tables of the charges levied on savings, insurance and pension products and building societies will have to publish price information on mortgages. The Office of Fair Trading's budget will rise by 20 per cent and political influence over merger decisions will be reduced. Inheritance tax and capital gains tax thresholds will rise and there will be a review of charity taxation. *Page 6*

## Green measures

A new energy tax on business will be introduced from April 2001 designed to cut greenhouse gas emissions. There will also be a £55 reduction in road tax for cars with the smallest engines, tax perks to encourage "green commuting" by bus and bicycle and an increase in landfill tax. From April 2002, company car tax will be linked to the car's carbon dioxide emissions. *Page 9*

## Fuel, smoking, alcohol, gambling

Fuel taxes are increasing by more than the rate of inflation, increasing the price of unleaded petrol by 3.8p a litre and diesel by 6.14p. The price of a packet of 20 cigarettes will rise by 17.5p and 25g of pipe tobacco by 9.5p but there will be no increase in duty on wine, beer or spirits. The Chancellor also announced new measures to clamp down on smuggling. The tax on pools betting is being cut to 17.5 per cent. *Page 8*



## Home and work

Mortgage interest tax relief (MIRAS), worth an average of £2.50 a week, is to be abolished from April 2000 while stamp duty on the sale of properties worth more than £250,000 is to increase by half a per cent. Employees are to be allowed to buy up to £1,500 worth of shares in their own company from pre-tax income, matched by up to £3,000 worth of free shares from their employer. The New Deal programme will be extended to the over-fifties with a scheme to get them back into work with a guaranteed £60-a-week payment. *Page 4 and 5*

## The Information Age

The Government is launching a £1.7bn initiative to make computers available to all. A thousand computing learning centres will be created in schools, libraries and Internet cafes. 32,000 schools will be connected to the Net and 370,000 teachers computer-trained. Individual learning accounts will be extended to computer training and employees will be able to use company computers at home as a tax-free perk. *Page 4*

## Boost for enterprise

High-tech start-up ventures will be allowed to give top managers £100,000 in share options under the enterprise management incentive scheme. There will be new research and development tax credits for small businesses, increased support for high-tech venture capital funds and increased science funding for universities. The main corporation tax rate is cut to 30 per cent, the smaller companies rate falls to 20 per cent and there is a new 10p starting rate for the smallest firms. *Page 17*

## Health and education

There will be an extra £1.1bn for schools and hospitals through the capital modernisation fund, more money for Scotland, Northern Ireland and Wales and an additional £170m for crime prevention. *Page 15*

## The Budget arithmetic

The Chancellor is forecasting that inflation will remain on target at 2.5 per cent in each of the next three years while the budget surplus is forecast to total £24bn over the next five years. Debt as a proportion of national income is projected to fall to 37 per cent in 2001. *Page 16*

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## 10p in the pound starting rate is lowest for 37 years

## INCOME TAX

THE CHANCELLOR Gordon Brown yesterday confirmed the introduction of a 10p starting rate of tax to take effect almost immediately, as part of a three-year package of tax and national insurance (NI) reforms aimed at spreading the tax burden from poorer to better-off people.

In a measure which experts described as "redistributive" and "living up to his Robin Hood image", Mr Brown also announced that the 10p rate, the lowest band for 35 years, will apply from 6 April on the first £1,500 slice of taxable income above the personal allowance.

In the dying seconds of his Budget speech, Mr Brown also pledged that the Government would reduce the next tax level from 23 per cent to 22 per cent - the lowest for 70 years - in April next year.

The 10p rate announced yesterday will replace £1,500 of the former 20 per cent rate, which is being completely scrapped. The 20 per cent rate covered the first £4,300 of taxable income, after allowances. However, scrapping the 20 per cent rate means the 23 per cent tax slice (22 per cent in 12 months) is extended downwards.

At the same time, the Chancellor announced that from April next year, employees who are not contracted out of the state

top-up pensions scheme, Serps, will see their NI contributions harmonised with the tax regime and raised in two tranches.

The net effect, according to calculations by pay and employment benefits firm Arthur Andersen last night, will be that, taking both NI contributions and tax into account, a single person earning £5,000 a year will be £14.29 better off from April. The net gain remains at roughly that level until £25,000, rising to £22.83 better off on salaries above £25 and beyond.

A married person earning £10,000 a year, and whose married couple's tax allowance is being abolished, will see a net monthly increase in salary of £7.26, rising to £15.50 on earnings above £35,000.

Mr Brown told MPs: "The tax reforms of this Budget provide a better deal for the hard-working majority - a ladder of opportunity for those who want to work their way up, a chance to keep more of what they earn and, for all, a fundamental guarantee that work will pay."

John Whitting, a tax partner at PricewaterhouseCoopers, the accountancy firm, said: "He is being quite clever in the way he disposes of his tax resources. They are clearly being concentrated to help lower-paid people, but without hitting higher in-

come-earners too hard. It is quite transparent. The good thing is that it is being concentrated on low earners. I suppose he is keen to live up to his Robin Hood chancellor image."

As part of the package of tax changes, the Chancellor yesterday announced that the personal tax allowance will be raised by £140 in 1999/2000, to £4,335. For people aged 65 to 74, the additional allowance rises by £310 to £5,720 before tax is payable, and a further £160 to £5,880 for those over the age of 75.

The 23 per cent tax rate, which currently applies on taxable earnings between £4,301 and £27,100, is being extended downwards. The higher tax bracket of 40 per cent will now begin to apply to earnings above £28,000, allowances after, or £32,335 before the single person's allowance.

Mike Warburton, a senior tax partner at Grant Thornton, the chartered accountants, said: "Bringing the 10 per cent tax band forward to April this year was quite a surprise. I can foresee problems in implementing it. Generally the Revenue prefers a lead-in time of a year so that it can get its systems in

working order. What is also not clear is what happens to people with savings as a result of this change. In the past, anyone on a 20 or 23 per cent tax rate paid no extra income tax on bank or building society deposits. It is not clear whether they will now pay 20 or 23 per cent."

Graham Duckett, a partner at Millfield Partnership, a firm of independent financial advisers, added that there was also a possibility that income-earners on the new 10 per cent tax rate might still have to pay 20 per cent, or even 23 per cent, income tax on their bank or society savings.

The Chancellor's announcement in the area of NI was seen by experts yesterday as part of the gradual process of harmonising the NI contribution levy with ordinary income tax.

At present, employees paying so-called class 1 contributions face an NI bill of 2 per cent on the first £24 of their weekly income as soon as it reaches that level. Thereafter, NI contribution levels rise to 10 per cent on incomes between £24 and £485 a week. Mr Brown is proposing to alter the system from April, by raising the weekly level on which NI is payable to £56.

There will be no 2 per cent on earnings up to that amount.

"I am abolishing the perverse 'tax on work', the entry fee every employee has to pay simply to be part of the national insurance system. From this tax cut on work worth over £14bn a year, every one of 30 million employees, will gain £69," the Chancellor told MPs yesterday.

Meanwhile, the upper limit on which NI is payable will rise to £500 a week.

In April 2000, the earnings point above which employees pay NI contributions will be raised by £21 per week over two years - from £26 in April 1999 to £76 in April 2000 and then to £257 - the level of the single person's tax allowance - in April 2001.

At the same time, the upper earnings limit, the point above which employees stop paying NI contributions, will be raised by £30 per week to £535 from April 2000 and then by £55 per week from April 2001, to £575 per week.

Mr Brown said: "Our reforms in national insurance will give employers an overall tax cut of £1.5bn and employees an overall tax cut on work of £2.5bn - an average of £130 per year per employee."

Mr Warburton, at Grant Thornton, said yesterday that

the net effect of the reforms for most NI contributors would be positive. He added, however, that for someone earning more than £575 a week, the weekly NI burden would rise from £23.28 at present to £48 a week in April 2001, or about £20 a month.

"[The Chancellor] does appear to be in control. This Government has [always] wanted to harmonise the effect of NI and income tax. He appears to be moving towards this goal. He has also concentrated his fire power at the lower end of NI."

For the self-employed, Mr Brown said flat-rate NI contributions of £6.85 per week paid once earnings exceed £2,500 would be cut to £2 a week.

However, in a move aimed at stamping out the growth of so-called "slave companies", set up by self-employed IT workers to cut their NI bills, the Chancellor said the tax will be raised from 6 per cent on profits between £145 and £500 per week to 7 per cent.

At the same time, the lower earnings limit on which NI is payable will be cut to £65 per week and the upper limit raised to £535 and then to £575 by 2001. The effect will be to raise the maximum rate of NI payable from £21.30 to £24.30 a week.

NIC CACHTY  
Personal Finance Editor

## CASE STUDY: THE LOW-PAY FAMILY

'Life will still be a struggle for us'

John Goodwin, 35, and his wife, Jude, 31, from Manchester. Mr Goodwin is a student teacher, having changed careers. Mrs Goodwin does not work. The couple have two children, Freya, five, and Max, two. His annual student grant is £3,900 plus a student loan of £2,700. They receive £20.75 a week in child benefit. They have outgoings of around £440 a month.

BEFORE YESTERDAY the Goodwins and their children were living off little more than £150 a week. This morning they will still be struggling, having been helped only marginally by a Budget they believe was designed for the better-off.

"There were no great surprises. I think it was the kind of mid-term Budget you might have expected," said Mr Goodwin, who is training to be a Higher Education teacher. "We seem to exist in a vacuum that never really gets addressed."

Mr Goodwin, who has two degrees - an MA and a BA in art - and used to work part-time in an art gallery, returned to college to try to improve his job opportunities. The family survive from his mature student's grant of £3,900, a student loan of £2,700 and child benefit of £20.75 a week. They have no savings and survive through an overdraft and "skimming around the bank-managers".

The only changes to their income will be the reduction of



John and Jude Goodwin, with their children Freya and Max, believe it is a Budget without any philosophy behind it. *Martin Rickett*

£50 on their annual car licence fee and the pre-announced increase in universal child benefit from April to £14.40 for the eldest child and £9.80 for subsequent children. (The figures are currently

£11.45 and £9.30 respectively.) "It has not been a budget that involves any philosophy," said Mr Goodwin. "It does not address the issue of whether lone parents should be forced to take a job no matter what

sort of job, rather than deciding it is a worthwhile task to bring up children."

"Living how we do and where we do, it is so easy to see what happens if you ignore a generation."

Mr Goodwin said the Budget had not addressed public transport. "The other night I was at the bus stop waiting for the 7pm bus. I was there an hour and the bus never showed up and I had walk

home in the rain. It is ridiculous that in a metropolis like this there is not adequate public transport to make what should be a 10 minute journey across the city."

ANDREW BUNCOME

## Families gain but not the very poorest

## WINNERS AND LOSERS

THE CHANCELLOR yesterday delivered on the Government's pledge to unveil a redistributive Budget, with low income groups - in particular families with children - set to gain substantially.

Gordon Brown's surprise move to cut the basic rate of tax to 22 pence from April 2000 and introduce of a 10p starting rate in a few weeks benefits all.

Those earning at or around the national average, such as the "recent graduate" in the chart, will see net income - after tax, national insurance, rent and fuel bills - go up from £7,265 in this financial year to £7,440 next year. The cut in the basic rate of income tax from April 2000 will push up net income further in

years to come. Revenue-raising moves elsewhere - particularly the increased ceiling on National Insurance contributions - mean that those on lower incomes will benefit most from yesterday's income-tax cuts.

The dual income family, for example, will see net income rise to £35,716 next year from £25,604 in 1999. And although they will benefit from the 22p tax rate in subsequent years, they will also face higher NI contributions.

Also among the major winners are families with children, thanks to increased child benefit and the new children's tax credit.

Gordon Brown told Parliament yesterday that every fam-

ily with children would get more support under the new system - ranging from £780 per annum to £2,000 per annum.

Martin Barnes of the Child Poverty Action Group said: "The increase in child benefit and the children's tax credit represent an important recognition of the need to support families with children."

Others, however, noted that the Chancellor's moves could be of no help at all to those families who did not work. The Women's Budget Group said: "The Budget speech appeared to say nothing about women with dependent children who

are at the lowest incomes. The child benefit increases will be cut from their means-tested benefit receipts. If this is so, then the poorest families of all will not be any better off as a result of the Budget."

Top-rate tax payers will be relieved the Chancellor has backed away from plans to tax child benefit, following wide criticism in political and media circles. However, his decision to taper the new tax credit means that here, too, lower income groups fare better than middle-income earners.

The elderly can also include themselves among the win-

ners. The increases in the winter allowance, the minimum income guarantee and their personal tax allowance all add up to a significant improvement in the finances of many of Britain's pensioners.

Those over 50 and out of work will also find the outlook a little brighter after yesterday's Budget. For those unemployed for six months or more, a new employment credit will guarantee a minimum income of £9,000 for their first year back at work.

Losers include married couples without children who will see their married couple's allowance - currently worth £190 - disappear in April 2000, although pensioners will be ex-

cepted. Homeowners have also been hit following the scrapping of mortgage interest relief, which is to go in the financial year next.

Smokers and drivers are generally the perennial Budget losers, and this year is no exception with both tobacco and petrol duties up again. Drivers of company cars will be particularly hard hit under the proposals outlined by Mr Brown.

Drinkers, however, have managed to get away scot-free. To the surprise of many, the Chancellor has promised that there will be no increase in duty on wine, spirits and beer this side of the millennium.

LEA PATERSON



ting  
ears

# Politically, it sounds good. But will it work?

OH, TO be a Chancellor with a budget surplus, for suddenly Christmas has come. It is wonderful, is it not, how the dynamics change. Instead of having to explain why tax rates need to go up or cuts have to be imposed on hard-pressed public services, you just dribble out the good news: a bit of money here, a tax cut there, all phrased in the idea of "helping" people. Politically, it sounds terrific. Will it really work? Apply three tests. Are the assumptions credible? Will the additional spending deliver value for the money? Is the fine-tuning of the tax system well-targeted?

The starting point is the Chancellor's economic forecast: the surpluses are the result of two things, the series of small tax increases imposed (usually with a delay) over the past five years, and the long boom. The tax increases continue, but will the boom?

The Chancellor says that after the briefest pause this year it will 1.15 per cent this year (against a con-

sensus forecast of around 0.8 per cent, 2.25-2.75 per cent next year, and 2.75-3.25 per cent in 2001. Can this be right?

Well, it is perfectly possible that the consensus will be wrong and the Treasury right - such aberrations have been known to happen. My own instinct is that this year's growth may indeed turn out above 1 per cent, but there may be much more of a problem next year. As for growth around 3 per cent in 2001 - that only happens if most things in the world economy turn out toward the better end of the possible scale. In short, the growth assumptions are at the top end of the likely range of outcomes. They are not impossible to achieve, but they are not the most likely outcome.

So the Chancellor is taking a medium-sized risk on growth. He is also taking a smaller risk on inflation. Assume that the 2.5 per cent target is met, for that is not the problem. The problem is that the 2.5 per cent target itself may look high by



HAMISH MCRAE

international standards as price destruction sweeps across the world. True, our method of calculating inflation produces a higher figure than that used by the other European Union nations, but even allowing for that, 2.5 per cent is high by developed country standards. These are not forecasts designed to push UK interest rates down to European levels.

In short, the Budget projections carry risks. Given the awkward way economic reality tends to depart from comfortable expectations, beware the rosy glow surrounding his forecasts.

The next test is whether the additional spending will deliver value? We cannot know. The Chancellor's device is to make lots of noise, announce lots of tiny initiatives, devise lots of cutely-named schemes. We can see the input, but we cannot see the output. The omens are not brilliant. No-one should doubt the commitment of Gordon Brown to try to boost enterprise, but surely all past

experience shows that governments boost enterprise by cutting regulation rather than introducing very complicated new spending schemes. The Government's initiative on the millennium bug problem bodes ill. It lost a year by sacking the original advisers and delaying in appointing new ones, then launched a help programme which small businesses find useless.

The additional funds given to maintain government departments may indeed improve their perfor-

mance - they certainly ought to - but we should judge by measures of the quality of output, not input. And the additional funds for enterprise? Well, the best that can be said is that they may offset to some extent the administrative burdens loaded onto small and medium-sized businesses since the election.

Test three is whether the rebalancing of the tax system encourages people to do the things that are helpful to society and discourages them from doing the things that harm society. For example, has he done enough to reduce the very high marginal rates of tax as people move from welfare into jobs? That is perhaps the single most damaging aspect of UK income taxation.

The aims here are completely laudable. It makes great sense to shift funds from home-buyers by ending mortgage interest relief at source (MIRAS) and move it towards the low-paid. It makes sense to take so many pensioners out of the income tax system. It makes sense to

take a slightly larger cut on stamp duty on expensive homes. It makes some sense to increase fuel duty - though when talking about the fact that British consumers were hard done by, the Chancellor did not stress that Britain has the most expensive motor fuel in Europe. Paying too much for petrol and diesel probably worries more people than paying too much for computers.

In balance, Mr Brown is probably making incremental improvements to a tax system that is already, by world standards, benign. If there is a reservation, it is that these improvements, at least as far as companies are concerned, seem to be at the cost of some additional complexity. All chancellors have a desire to fiddle with the system; this one suffers from it as much as most.

How will this Budget be viewed in history? You could almost say that given the penny of the basic rate for 2000, it will be Mr Brown's shot for Labour at the next election. The good news, not just for this year but

the not least of the Chancellor's...  
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Gordon Brown

## Middle class loses out as children gain

### FAMILY TAX REFORM

A NEW children's tax credit was the centre-piece for the Chancellor's "Budget for families and children" but it will mean middle class couples will lose out.

Mr Brown announced a new children's tax credit worth £416 a year off the tax bill from April 2001. But he is scrapping the married couple's allowance a year earlier from April 2000 and Mortgage Interest Relief at Source (MIRAS) is also being abolished.

The new children's tax credit will be tapered away from families where one or both partners are on higher earnings and paying the higher rate of income tax.

As predicted by *The Independent*, child benefit escaped taxation in this Budget in spite of Gordon Brown's hint last year that it might not. The Chancellor did not rule out taxing the benefit in future, but the reforms make it less likely because they will enable him to target money to the lower income families through the new children's tax credit.

The Tories accused Mr Brown of imposing "stealth taxes" on Middle England, and even some Labour MPs privately conceded that the Chancellor had given to the poor with a hand but had taken away from the wealthier couples with the other.

"The children's tax credit is a very clever way of getting round the problem of taxing child benefit, which would have been very difficult technically," said a ministerial source.

Scrapping mortgage tax relief will hit those on higher incomes the hardest.

There were anxieties before the Budget from Tony Blair about the middle classes being hit too hard by the changes, and in the speech to Parliament Mr Brown stressed: "Every child in the country in every family will get more - not less - support under this system."

But Alistair Darling, the Social Security Secretary, made no bones about the intention to provide more aid for families on lower incomes. A press release by his department was headlined: "Budget boost to help young children in low income families."

The main points of the package, said Mr Darling, were aimed at tackling child poverty. These included an above inflation increase in child benefit which will be payable to all families.

Child benefit rises to £14.40 per week next month for the eldest child and to £9.60 per week for subsequent children.

The Chancellor announced that from April 2000 the rates will be at least £15 for the first child and £10 for subsequent children.

The new child tax credit will go to around five million families.

Maternity Allowance will be extended to all women expecting a baby on or after 20 August 2000 who are earning £30 a week or more, helping 14,000 extra mothers per year.

In addition, there are 20 per cent increases in the rates of benefit payable in income-related benefits for children under 11. From April 2000 the poorest families with a child under 11 will receive nearly £5 a week more.

The Chancellor, who is unmarried, also anticipated an attack by the Tories along the lines that the Government is undermining marriage by scrapping married couples allowance.

"What is today called the married couple's allowance is in fact neither restricted to marriage, nor restricted to couples, nor is it strictly an allowance," he said.

"It is in fact a tax credit paid at the same flat rate to married couples, single parents and unmarried parents living together. Far from recognising marriage it is now so confused

### CASE STUDY: THE DUAL-INCOME FAMILY



Ivan and Amanda Whitenstall with their children Emma and Richard

## 'It's worth little more than a couple of pounds for us'

Ivan Whitenstall, 35, and his wife Amanda, also 35, from Whitley Bay, Tyneside. Mr Whitenstall is a market inspector earning £20,000. Mrs Whitenstall is a bank clerk, earning £6,000. She has £500 in a company savings plan. They have two young children, Emma, seven and Richard, two. Outgoings include £360 a month mortgage, £150 for childcare and £170 a month car loan.

IT WAS a Budget full of mixed news for Ivan and Amanda Whitenstall, who have two young children.

Mrs Whitenstall said she was disappointed that mortgage interest relief at source was being withdrawn. "It's worth about £18 a month to us. At least we'll have time to get used to it as it's not going until next year."

The family will gain £416 from child tax credit when it

is introduced in 2001 but they will lose their married couples allowance which is worth about £280 a year.

"The money is just being taken from one place and put in another," said Mrs Whitenstall.

The family said they were not very impressed by the increases in child benefit.

"It's just a couple of pounds really," said Mrs Whitenstall who has a seven-year-old

daughter, Emma, and two-year-old son, Richard.

Because the family, from Whitley Bay, Tyneside, have an average-sized family car their road tax will increase by £5 a year. They will also be affected by the increased price of petrol.

Mrs Whitenstall, who works part-time in a bank, said she was pleased about the new all-employee share scheme which will mean that she can

buy shares out of her pre-tax income.

If she can hold on to the shares for the long term, she will be able to get tax-free gains.

Mrs Whitenstall added: "I don't think I'll be much better off but I don't think I'll be much worse off really."

"We're still trying to work out exactly where we will stand."

LINUS GREGORIADIS

poorest



Alistair Darling: Help for lower income families

TAX BENEFITS PAGE 5

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# 'Computers for all' in £500m plan

## INFORMATION TECHNOLOGY

LAPTOPS WILL be loaned as if they were library books and up to 20,000 teachers will be given computers in the Government's "knowledge revolution", the Chancellor, Gordon Brown, announced yesterday. An extra £500 million will also be made available as part of a "computers-for-all" scheme.

"Our target is a national network of 1,000 computer learning centres, one for every community in Britain," he said. "They will be in schools, colleges, libraries, in Internet cafes and on the high street."

Partnerships between local authorities, colleges and employers will mean that computers and software can be lent in the new century "in the way local libraries have loaned books in the last century."

An extra £20 million will be made available to provide laptops for about 20,000 teachers to use at home.

The Government will also introduce legislation so that employees will be able to borrow computers from their companies as a tax-free benefit.

Mr Brown said: "Those who were left out of the knowledge revolution will be left behind in

the new knowledge economy. The more individual talent we nurture, the more economic growth we will achieve."

Within three years, 32,000 schools will be connected to the Internet and 370,000 teachers trained to use computers. Inner-city schools will share £100 million to go towards improved technology.

Adults will be encouraged to brush up on basic skills and on computer literacy. They will receive discounts on course fees if they invest in "individual learning accounts" - savings accounts designed to help them pay course fees. This year, one million people will receive £150 each for these accounts.

Those who sign up for basic education courses will receive an 80-per-cent discount on their fees, and employers will get tax breaks if they invest in the accounts. Employees will pay no tax on the accounts.

This will be funded by phasing out vocational tax relief, which has been subsidising non-vocational courses.

"Britain has achieved universal free education for children. This Budget introduces the opportunity for universal

free education at every age, so everyone will have the chance to succeed in the new economy," said Mr Brown.

About 11,000 teachers already own laptop computers. The Government set up a £5 million pilot scheme in 1997 to give laptops to 1,000 teachers to see whether they would use IT more if they could prepare work at home in their own time. The scheme increased IT use in the classroom, but it would cost £400 million to extend it to the entire profession.

Last week the Prime Minister announced that all Scottish teachers would be given a laptop computer by 2003.

Doug McAvoy, general secretary of the National Union of Teachers, warmly welcomed yesterday's announcement: "The entire package will be welcomed by teachers. They are to be given the modern-day tools of the trade, with the training to make maximum use of them," he said.

Alan Tuckett, director of the National Institute for Adult Continuing Education and a senior advisor to the Government on adult education,



Pupils using computers at Andenshaw Comprehensive School, Manchester. Twenty thousand teachers are to get laptops William Griffiths

praised plans to lend laptops as "very imaginative thinking".

He said: "Lending computers means that it is not just access to wealth that controls access to education. That's very important. At first sight it's a very creative move."

But some computer experts warned that technology was not a panacea for raising school standards. René Moolenaar,

managing director of Anglia-Campus, a leading provider of Internet services for schools, said: "The Government needs to ensure that the vast resources it has now committed to improving teachers' IT skills are not wasted."

"The Budget appears to be very hardware driven. People often forget that a computer is like a CD player - useless with-

out software. To ensure that this provision contributes to the development of the National Grid for Learning, what really matters are the software and Internet packages."

John Field, professor of life-long learning at Warwick University, said that technology was vital to make sure initiatives such as the University for Industry (a government initia-

tive set up to increase training in the workplace) were effective.

"One of the problems of policies designed to make folk take up technology is that it is really strange to them," he said.

"If you allow them to borrow a computer from the local library or walk into a community centre and try one out, they are more likely to use it." He

said that tax incentives to promote learning accounts were vital to improve their take-up.

The accounts have been hailed as the best way of funding a revolution in adult education and training, but Professor Field warned that pilots had shown people were unwilling to invest.

JUDITH JUDD AND BEN RUSSELL

# Grants will help put 'lost generation' back to work

## NEW DEAL

THE GOVERNMENT reinforced its flagship Welfare to Work strategy with three new initiatives aimed at the over 50s, the under 25s and lone parents.

The Chancellor decided to employ a "carrot" approach to the over 50s and single parents, but will try out a "stick" approach for some young people.

Under the proposals, unemployed people over the age of 50

who move into a full-time job will enjoy a guaranteed minimum income of £9,000 a year for the first 12 months.

This adds to the £750 training grant they will receive in full-time jobs and £300 in part-time and help from a personal adviser for those who want it.

The Department for Education and Employment also disclosed that the over 50s would

now be eligible for the New Deal unemployment scheme after just six months out of work rather than the two years.

They will receive £60 a week "employment credit" for a year while they are on the programme.

Andrew Smith, employment minister, said the measures would be a big help to those over 50 who have been unem-

ployed and "despaired of finding work again".

The department announced a £5m pilot scheme to beef up the "Gateway" process for young people joining New Deal. The DfEE argued that some young people would gain from a more intensive induction on

the programme aimed at injecting greater "pace and purpose" in their job-seeking activities.

The pilots would introduce a tougher attitude to those who enter the final month of the four-month Gateway process, reinforcing the message that

they would have to take one of four options and that there was no "fifth option" of continuing on full benefits.

Mr Smith welcomed the proposal that lone parents entering work should be able to benefit from a two-week run of income support in order to help ease them through the transition period.

He said it would represent a

big boost to what could be offered on the New Deal for Lone Parents.

Workers will also be able to boost their qualifications under new Individual Learning Accounts aimed at encouraging people to take responsibility for their own training.

John Monks, TUC general secretary, welcomed the jobs package for older workers. He

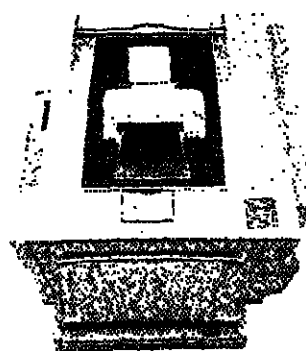
said it went some way to strengthening the New Deal.

"However, many of the problems encountered by older people are directly attributed to the long term decline in manufacturing, so the Government needs to take urgent action to stem the current escalation of job losses in this sector."

BARRIE CLEMENT, Labour Editor

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## BUDGET IN BRIEF

### Tax returns to be sent via Net

TAXPAYERS will soon be able to send in tax data via the Internet, including VAT and tax returns.

Measures in the Budget will allow Customs & Excise and the Inland Revenue to develop electronic services as an alternative to paper. The Prime Minister has said he wants 25 per cent of transactions with government to be paperless by 2002.

### Rules help value football players

NEW MEASURES to help football clubs account for the value of football players will be brought in as part of the Budget.

New accounting rules insist that clubs account for players as "intangible assets" on the club's balance sheet, rather than being charged to profits in the year they are bought. The measures ensure the rules do not disadvantage football clubs.

### Insurance tax rises by 1p

INSURANCE PREMIUM tax will rise by a penny in the pound, raising £25m a year for the Exchequer. Insurance premium tax will now be levied at 5p, up from 4p last year. The Association of British Insurers said the move would add to upward pressure on insurance premium rates.

### Lloyd's to gain in CGT change

MEMBERS OF Lloyd's of London will benefit from changes aimed at cutting the complexity of capital gains tax (CGT) calculations.

The changes cut out red tape for members of "pooling arrangements" - vehicles which allow them to invest in a portfolio of Lloyd's syndicates.

## SOCIAL SECURITY BENEFITS FROM APRIL 1999

Rates weekly unless otherwise indicated. All figures £

1998/9	1999/00	1998/9	1999/00
<b>ATTENDANCE ALLOWANCE</b>			
Higher rate	51.30	52.95	
Lower rate	34.30	35.40	
<b>CHILD BENEFIT</b>			
Elder or eldest qualifying child (couple)	11.45	14.40	
(lone parent)	17.10	17.10	
Each subsequent child	9.30	9.60	
Special allowance	11.30	11.35	
<b>COUNCIL TAX BENEFIT</b>			
personal allowances			
Single, 18-24	39.85	40.70	
Single, 25 plus	50.35	51.40	
Lone parent, 18 plus	50.35	51.40	
Couple, one or both over 18	79.00	80.65	
Dependent children			
under 12	17.30	20.20	
12-16	25.35	25.90	
16-19	30.30	30.95	
<b>DISABILITY LIVING ALLOWANCE</b>			
Care component			
Highest	51.30	52.95	
Middle	34.30	35.40	
Lowest	13.60	14.05	
Mobility component			
Higher	35.85	37.00	
Lower	13.60	14.05	
<b>EARNINGS RULES</b>			
Invalid care allowance	50.00	50.00	
Therapeutic earnings limit	48.00	58.00	
Industrial injuries earnings	2496.00	3016.00	
level (pa)			
War pensioner's earnings	2496.00	3016.00	
level (pa)			
<b>FAMILY CREDIT</b>			
Adult credit	48.80	49.80	
Child credit			
Under 11	12.35	15.15	
11-15	20.45	20.90	
16-17	25.40	25.95	
<b>HOUSING BENEFIT</b>			
personal allowances			
Single, 16-24	39.85	40.70	
Single, 25 plus	50.35	51.40	
Lone parent, 18 plus	50.35	51.40	
18 plus	50.35	51.40	
Couple both under 18	60.10	61.35	
One or both over 18	79.00	80.65	
Dependent children			
under 12	17.30	20.20	
12-16	25.35	25.90	
16-19	30.30	30.95	
<b>INCAPACITY BENEFIT</b>			
Long-term	64.70	66.75	
Short-term			
Under pension age, lower rate	48.80	50.35	
Higher rate	57.70	59.55	
Over pension age, lower rate	62.05	64.05	
Higher rate	64.70	66.75	
Increase of long-term incapacity benefit for age			
Higher rate	13.60	14.05	
Lower rate	6.80	7.05	
Invalidity allowance (transitional)			
Higher rate	13.60	14.05	
Middle rate	8.60	8.90	
Lower rate	4.30	4.45	
<b>INCOME SUPPORT</b>			
Personal allowances			
Single under 18, usual rate	30.30	30.95	
18-24	39.85	40.70	
25 plus	50.35	51.40	
Lone parent			
Under 18, usual rate	30.30	30.95	
18 plus	50.35	51.40	
Couple, both under 18	60.10	61.35	
One or both 18 or over	79.00	80.65	
Dependent children			
Under 12	17.30	20.20	
12-16	25.35	25.90	
16-19	30.30	30.95	
Residential allowance	57.50	58.40	
Greater London	64.00	66.10	
Premiums			
Family	11.05	13.90	
Lone parent	15.75	15.95	
Pensioner, single	20.10	23.60	
Couple	30.35	35.95	
Pensioner (enhanced), single	21.35	25.90	
Couple	33.55	39.20	
Pensioner (higher), single	27.20	30.95	
Couple	38.90	44.65	
Disability, single	21.45	21.95	
Couple	30.60	31.25	
Severe disability, single	38.50	39.75	
Couple (one qualifies)	38.50	39.75	
Disabled child	21.45	21.95	
Care	13.65	13.95	
<b>Max amounts for accommodation and meals in residential care homes</b>			
Old age	213.00	218.00	
Very dependent elderly	247.00	252.00	
Mental disorder (not handicap)	225.00	230.00	
Drug/alcohol dependence	225.00	230.00	
Mental handicap	257.00	262.00	
Physical disablement			
Under pension age	292.00	296.00	
Over pension age	213.00	218.00	
<b>INDUSTRIAL DEATH BENEFIT</b>			
Widow's pension, higher rate	64.70	66.75	
Lower rate	19.41	20.15	
<b>INDUSTRIAL DISABILITY PENSION</b>			
18 plus or under 18 with dependents			
100 per cent	104.70	108.10	
50 per cent	52.35	54.05	
20 per cent	20.94	21.62	
<b>INVALID CARE ALLOWANCE</b>			
38.70	39.99		
<b>JOBSEEKERS ALLOWANCE</b>			
personal allowances			
Single, under 18-usual rate	30.30	30.95	
Single, 18-24	39.85	40.70	
Single, 25 or over	50.35	51.40	
Couple, both under 18	30.30	30.95	
Couple, both over 18	79.00	80.65	
<b>MATERNITY ALLOWANCE</b>			
Lower rate	50.10	51.70	
Higher rate	57.70	59.55	
<b>RETIREMENT PENSION</b>			
Category A or B	64.70	66.75	
Category B (lower) - husband's insurance	38.70	39.99	
Category C or D - non-contributory	38.70	39.99	
Category C (lower) - non-contributory	23.15	23.90	
Winter fuel payment	20.00	20.00	



## THE BUDGET AND YOU

## HOUSING

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# Crackdown on airports and utilities

THE SECRETARY of State for Trade and Industry, Stephen Byers, will today outline a new competition policy following comments made in yesterday's Budget.

The policy will have measures to encourage competition in airports and the water companies whilst requiring the Financial Services Authority to produce league tables on the cost and charges of savings, insurance and pension products. The Chancellor said the tables will give consumers a better deal and avoid the mis-selling problems of the past.

In a speech that devoted a

substantial section to competition policy, Gordon Brown said competition was the sharpest spur to enterprise and was "too often missing in our country".

He said: "It is time for more competition and lower prices in basic essentials like the utilities, financial services, indeed the whole range of consumer goods, where too often British people are paying far more than they should for what they need to buy. It is wholly unacceptable that consumer goods can still cost up to twice as much in Britain as in America."

There have been complaints from consumer groups about

consumer goods such as cars, compact discs and groceries which are more expensive in the UK than in other major Western nations.

The Office of Fair Trading will be granted 20 per cent extra resources and be charged with a pro-active remit to "root out cartels and restrictive behaviour". Obstructing investigations will be a criminal offence, the Chancellor said.

John Prescott, the deputy prime minister, will review competition in airports and in the water industry.

BAA, the company which controls seven airports includ-

## COMPETITION

ing Gatwick, Heathrow and Stansted, welcomed the move saying it had nothing to hide.

Des Wilson, BAA spokesman, said: "The government's actions are perfectly reasonable. The regional airports could probably do with more help as the main London airports reach capacity. Our landing charges are amongst the lowest in Europe and we have provided top class services." He pointed to the £450m investment in the Heathrow Express rail link which opened last year.

The investigation into water competition was welcomed by the major companies. Thames Water said: "This is the sort of thing we have been pushing for. Greater competition at home can only help us compete on the international stage."

The Chancellor's announcement came after Ofwat, the water industry regulator, said in October that companies may have to cut customers' bills by as much as 20 per cent from April 2000. Some water companies have argued that a cut

will undermine their efforts to improve customer services and water quality. Last month the UK water industry wrote to Mr Prescott complaining that it will not be able to meet the government's demand to cut costs and increase environmental spending.

Nigel Hawkins, analyst at Williams de Broe, a City stockbroker, said reforming the water industry would be very difficult as there is no central system. Shares in BAA and the water companies fell in late trading.

Commenting on the new requirement for the Financial

Services Authority to publish league tables on savings, insurance and pension products, Scottish Equitable said that costs should not be the only consideration when investing in a savings or pension vehicle. "It is dangerous to say: 'Cheapest is best.'"

Stewart Ritchie, director of the group's pensions development, said the government should not "gloss over what has already been readily accessible to the investor from many customer-oriented providers".

The Building Societies Association praised the requirement for banks and building

societies to publish reliable information on mortgage and savings prices. "In the competitive mortgage market such information will act as a valuable aid for consumers trying to weigh up the competing offers," said Adrian Coles, director-general of the BSA. Information should be consistent so that consumers can compare like with like, he added.

The Halifax said: "We will have to see the full proposals but there have already been some moves to ensure accurate comparisons can be made."

NIGEL CORN  
Associate City Editor

## Fears not realised as thousands more gain exemption

### INHERITANCE AND CAPITAL GAINS

THE CHANCELLOR of the Exchequer yesterday pleased the tax planning industry by boosting tax allowances on both inheritance and capital gains tax, exempting thousands of people from paying them in the new tax year.

From April, inheritance tax will only be levied on the value of an estate above the allowance of £231,000, which has been raised by £3,000.

Capital gains tax will only be levied on amounts exceeding £7,100 - a £300 rise over last year. There will be no change in the rate of either tax.

Mr Brown said that Britain now had the lowest rate of capital gains tax in its history. He added that only 97 per cent of inherited estates would be liable to inheritance tax.

The moves relieved tax advisers, who had feared a full-blooded crackdown on inheritance tax. Accountants and tax planners feared the Budget would include measures to block the most common loophole in the tax, relief given by tens of thousands of people to exempt their inherited estates.

The loophole, known as the "potentially exempt transfer", involves transferring wealth to a trust in the name of a dependent at least seven years before the person transferring dies.

It is partly because of this loophole that inheritance tax barely raises £1.8bn a year.

The Chancellor instead announced a smaller crackdown, buried in the fine print of the Budget, on some of the more exotic avoidance techniques used by the wealthiest investors.

Chas Ray-Chowdhry of the Association of Chartered Certified Accountants said: "We are pleased that there was no crackdown on the transfers. But the overall bad news is in the underlying details not announced in the Budget speech."

In particular, the Budget will block a loophole made famous by Lady Ingram, an elderly relative of "It Girl" Tara Palmer-Tomkinson. Earlier this year Lady Ingram won a legal battle with the Revenue that went all the way to the House of Lords.

Lady Ingram had gifted property worth millions of pounds to her solicitor, who arranged a lease-back to her so she could still live in it. The freehold of the property was then passed to dependents, taking it out of her taxable estate.

The avoidance technique is based on the principle of "gifting" a property while retaining the right to live in it. In Lady Ingram's case she also retained the right to a rental income.

The Revenue regarded this

technique as abusing the proper notion of a gift - calling it a "gift with reservation" - and pursued her to the House of Lords. The Lords ruled in her favour.

Yesterday's measures were designed to redress the legal balance in favour of the Inland Revenue so "gifts with reservation" can be taxed. Officials view the Lords' decision as showing the rules do not work as they should. The new measures will stop avoidance where a donor keeps a financial interest in the property and has the right to live on it.

Responding to the changes on capital gains tax, the tax industry welcomed the Budget but said it was not enough to make up for the complexities introduced in the last Budget.

Last year, Mr Brown stopped the use of an inflation index to offset capital gains tax, instead bringing in a tapered tax which reduces to 10p on assets held for 10 years or more. Tax advisers say the move has made the tax more complex to administer.

Angela Knight, a former Treasury minister who heads the Association of Private Client Investment Managers, said: "A number of small investors will still be liable to pay. At minimal cost the Chancellor could have cut them out of CGT altogether."

ANDREW VERTY



Aid to Africa: Simplification of the taxation of charities will encourage more people to give

## A 'democracy of giving' sought to celebrate the Millennium

CHARITIES broadly welcomed yesterday's long-awaited publication of a consultation document proposing a range of measures designed both to simplify the tax system for the voluntary sector and to encourage more people to give.

"I want us to mark the Millennium in the best way by making the year 2000 the giving year," the Chancellor said in his budget speech. "Instead of charity seen in the old way - the rich bestowing favours on the poor - I want a democracy of giving, where all those who can help all those who can't."

Charities currently receive around £2bn of tax reliefs each year, including £1.1bn relief from direct tax, £200m from VAT and the rest in business

rate relief. In 1997, British people gave £3bn to charitable causes, but the amount is declining each year.

In his speech the Chancellor said the government planned to reduce the minimum limit of its Gift Aid scheme that attracts tax relief at the basic rate to £100 from £250. The move extends last year's experimental change which lowered the threshold for certain Third World charities to all charities, national and international. Under the review's proposal, Gift Aid payments can also be made in instalments.

"It's a tremendous boost because it means you can commit

### CHARITIES

to a charity at just over eight pounds a month and it will attract tax relief without the necessity of signing a covenant," said Stephen Burgess, charities director with accounting firm Saffery Champness.

The YMCA welcomed the move but pointed out that it received most of its funding from donors who simply can not afford to give as much as £100. "It would be even better if there was tax relief across the board on charitable giving," the YMCA said in a statement.

The review also proposed to boost the government's charity payroll scheme, by which employees are given tax relief on

donations made through their pay, up to a limit of £1,200 a year. It is proposed that the limit is scrapped and that government will give an extra ten per cent to donations and launch a government campaign for more employers to join the scheme. Currently only one per cent of employers have a pay-roll giving scheme because of the administrative problems involved. The government also wants to simplify the process for employers.

Lastly, the government proposed a number of measures to simplify the tax system for charities, for example by exempting from direct tax the

profits of small charity businesses, and by setting up a charity tax advice helpline.

Some charities expressed disappointment that not more was proposed to relieve their VAT burden which, despite various exemption schemes, still costs them an estimated £400 million a year. The review makes some proposals to simplify VAT relief systems in place but no major initiatives were announced.

Charities have been waiting for the government to publish its review on charities taxation for almost a year. More than 3,000 charities responded to the initial stage of the review and now have until 31 August to give their response on the document published yesterday.

HILARY CLARKE

## Still a case of 'vive la différence' in EU

### HOW UK TAXES COMPARE

THE BUDGET changes will do little to iron out the substantial differences in tax and duty between Britain and other European countries.

Following this Budget the ratio of debt to national income will fall below 40 per cent in the next fiscal year and is forecast to stay below 40 per cent for the rest of the Parliament. On the face of it, this puts the UK at the lower end of the European taxation scale.

Closer inspection reveals that this broad picture masks some important variations. In particular, it disguises the fact that - contrary to popular belief - many taxes in the UK are among the highest in Europe. "Tax harmonisation is seen as forcing a low-tax hard-working UK to match Europe's uncompetitive level of state dominated inefficiency," said Alison Cottrell, chief international economist at PaineWebber. "All very entertaining and containing more than an element of truth - which still leaves it some distance from reality."

The UK's corporate tax burden, for example, is substan-

tially higher than in Germany, Italy or France, on Organisation for Economic Co-operation and Development calculations.

Recent OECD data puts the UK effective rate of company tax - which includes factors such as allowances and depreciation rules - at around 45 per cent. This is despite the fact that the UK's 30 per cent top rate of corporation tax is lower than any other major country in Europe.

"Looking at the tax rate is interesting, but it doesn't tell the whole story," said David Evans, director of international tax at accountants KPMG.

Sales tax is another field where the UK fails to shine. The OECD puts the effective rate of sales tax - which includes excise taxes - at just under 15 per cent, roughly similar to Germany, above Spain, but below Scandinavia. And as far as particular duties - such as those on alcohol and tobacco - are concerned, UK consumers pay through the nose. The tax on a pack of 20 cigarettes in the UK, for example, is almost £1.50 higher than the average

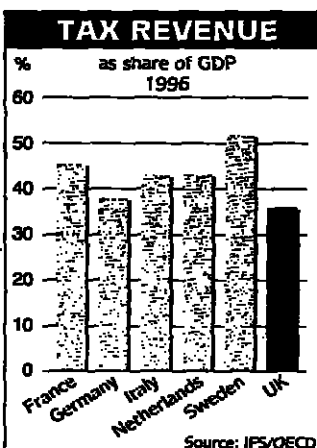
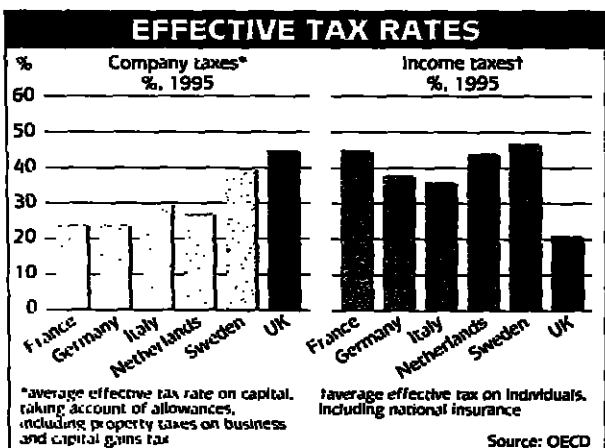
of other EU states, according to recent calculations by the Tobacco Manufacturers' Association. "We are one of the most highly taxed for the 'sin' taxes," said Bill Robinson, a director of the London Economics consultancy.

One area where the UK's reputation as a low-tax, flexible economy does hold true is labour tax. Relatively, the British economy enjoys low rates of personal income tax. UK workers also tend to be cheaper to employ than abroad. Ms Cottrell said: "Continental Europe has on the whole taxed capital far more lightly than labour. In the 'Anglo' economies the reverse has been true."

Looking forward, both market forces and greater European integration will smooth out some of the tax differentials, although domestic political and cultural concerns limit how far this can go.

Although some differences will never disappear, budgets in the years to come will increasingly have to take account of the fiscal situation abroad.

LEA PATERSON



## Papers in a spin as leaks dried up

### MEDIA COVERAGE

COME BACK Charlie Whelan, all is forgiven. As the Chancellor rose to deliver his Budget speech yesterday, the poor British public could be excused for wondering whatever happened to the Treasury's legendary purdah.

As a glance at recent newspaper stories would reveal, one of the leakiest Budgets in years has been subject to the kind of media speculation that would make even Mr Brown's former spin doctor choke on his Red Lion pint.

From the much-rumoured 10p income tax rate to the abolition of the married couple's tax allowance, press coverage over the past week has claimed an exhaustive inside knowledge of the contents of Mr Brown's red box.

Yet no one, but no one, had

the most important story of all: a cut in the basic rate of income tax from 23p to 22p. Or that the new 10p rate would come into force immediately.

In the absence of Mr Whelan's previous strategy of surgical strikes on specific media targets, eager journalists were left floundering for a good steer on topics large and small.

The media have also speculated more wildly than usual and the result is a dizzying cocktail of stories that appeared to leave Mr Brown little room to announce anything remotely new. This year's Budget has not been leaked wholesale, as Kenneth Clarke's was to The Mirror under the last government, but the ordinary

newspaper reader could be forgiven for thinking it had.

The key "will-he-or-won't-he?" issues centred on abolition of the married couple's tax allowance, taxing child benefit and the introduction of a 10p basic rate of income tax.

Not surprisingly, amid the confusion, different newspapers have claimed with equal vigour stories that flatly contradict their rivals. Last weekend, The Daily Telegraph combined two key issues when it asserted that the abolition of the £1.75 billion-a-year married couple's allowance (MCA) would fund the 10p starting rate. But The Independent on Sunday suggested that Tony Blair had vetoed the abolition

of the MCA because it would undermine family values.

On child benefit, The Financial Times claimed that the Treasury had come up with a way of taxing it, while The Sunday Telegraph said that Mr Brown had backed off from the idea in this Budget.

The Times and Daily Telegraph were particularly off-beam, with the former claiming just last week that the Chancellor would be blown off course by a £2-billion hole in revenues from smuggled cigarettes and alcohol.

Depending on which paper you read, mortgage interest tax relief may/may not be saved/scrapped, while stamp duty may be frozen or raised.

But readers of The Independent will be pleased to note that this newspaper's record was better than most. On the issue of child benefit, we reported that the taxation idea had been ditched. Similarly, we correctly warned yesterday that an energy tax on business would definitely be in the Budget.

Officially, the Treasury states that there has always been a tradition of speculative stories "many of which prove to be wildly inaccurate", a spokesman said.

One senior government source said last night that the press coverage was more haphazard than previous years, claiming that this was simply due to journalistic laziness.

PAUL WAUGH  
Political Correspondent



CASE STUDY: THE PENSIONER



Ernest and Patricia Hallett from Leicester: "This no way measures up to what pensioners have been asking for"

Kiran Ridley

# Savings – but not all we wanted

Ernest Hallett, 72, and his wife, Patricia, 61, from Leicester. Mr Hallett is a former print worker. His wife took early retirement as a teacher four years ago. Weekly income: him, £124, her £162 from state and occupational pensions. They have a £30,000 lump sum from retirement in stocks and shares. Outgoings are minimal.

THE HALLETTS spoke of their disappointment last night, even though they will benefit from an £80 increase in heating allowance and a reduction in their road tax. The couple will save £50 a year because they own a small car, but this will be countered by an increase in the

cost of petrol. Mr Hallett said he felt that the Chancellor had let millions of retired people down by not increasing the basic state pension.

A representative of the National Pensioners' Convention, he said the minimum income guarantee of £120 for a retired couple fell short of what he and others had campaigned for.

He said: "This no way measures up to what pensioners have been asking for. We want an increase in state pensions. All we have got in the past few years is a heating allowance and a free eye test."

Organisations such as Age Concern say that the minimum needed per week per person is £150, and £120 for a couple is so far short of what is needed

that it is not even worth considering."

The couple have difficulty replacing things when they break down. "We can live and eat and pay the electricity and gas bills, but we couldn't buy a new television or repair the fabric of the house," said Mr Hallett.

He was disappointed the Government had not improved life for pensioners. "The pensioners' movement has had meetings with Mr Brown and government officials about what we require and they've ignored what we said. In 1979, the average state pension was 24 per cent of the average wage. Now it is 14 per cent."

LINDA GREGORIADIS and CLARE GARNER

## A treble bonus for the elderly

### PENSIONERS

EVERY PENSIONER in the country will be better off after the Budget. The Chancellor delivered £3bn in extra help through three targeted measures: raising the tax threshold for older people; giving the poorest pensioners a minimum weekly income of £75 a week from April; and raising the flat rate winter fuel payment from £20 to £100 for all eight million elderly households.

Gordon Brown believes that the average pensioner household will be £240 a year better off after his changes.

"I'm surprised and moderately happy," said Mervyn Kohler, head of public affairs at the charity Help the Aged. "But I would not have chosen to spend the money that way – the amount is similar to what it would have cost him to uprate the state pension to £75 a week."

Sally Greengross, director general of Age Concern England, also welcomed the moves, but warned that up to 700,000 pensioners failed to claim income support and would miss out on the increases. She said the charity believed a basic state pension at the level of benefits was the only way to guarantee an income to all pensioners.

The basic state pension is currently £54.70 a week and this will only rise from April in line with inflation to £56.75 a week. In contrast, the new minimum income guarantee, announced in last December's Green Paper on pensions, is targeted at those who have not paid enough national insurance during their working life to qualify for a full state pension plus a second Severe (state earnings related) pension and have no other income.

Around 1.5 million pensioners are expected to benefit. Single people will get at least £75 a week and couples £116.60 a week. Some people will gain an extra £400 a year from next month.

The Department of Social Security hopes the move will overcome the stigma that older people sometimes associate with claiming income support benefits. Mr Brown's decision to link the minimum income guarantee to rises in earnings partly restores a link broken in 1981 when the Tory government started to uprate pensions in line with the retail price index rather than average earnings.

Better-off pensioners also gain through a combination of extra tax allowances and the new 10p tax band. The Chancellor delivered an uprated personal allowance of £5,720 each per year from the age of 65. This

is £130 more than an inflation-linked rise from the current rate of £5,410. For those aged 75 upwards, the current allowance of £5,600 goes up to £5,980, meaning that the first £115 of weekly income is normally tax-free. Mr Brown also allowed the married couple's allowance for existing pensioners to continue.

The Chancellor added an extra boost for couples aged 74 or more. Even when both partners have used up their full £5,980 personal allowance, they will be able to generate a combined income of £15,000 before they have to pay any tax. This means an extra £3,040 tax-free.

The age-related extra personal allowances will be progressively withdrawn once a pensioner's income goes above a fixed income limit, which rises to £16,800 (from £16,200) from April.

The changes have been received positively by retirement experts. The independent financial adviser Mark Howard, of Maddison Monetary Management, said: "This Budget is a very positive move and it is putting money into pensioners' pockets."

However, he warned that new pensioners and those coming up to retirement soon will need every extra penny the Chancellor gives them. Low interest rates means falling gilt yields, and this affects the income that those retiring now can expect. Current annuity rates mean every £100,000 saved in a pension can only be swapped for a contract giving an income of about £4,000 a year rising at 5 per cent annually. "People are going to have to look for more ingenious ways of insuring income in future," Mr Howard said.

Pensioners will get extra help to generate a risk-free income from a new National Savings pensioners' bond. The current pensioners' guaranteed income bond pays a fixed rate of 4.25 per cent gross, which can be taken monthly but money has to be tied up for five years. The Chancellor wants to see a new shorter-term product.

A spokeswoman for National Savings said: "Some people want a fixed rate but do not want to tie up their money for five years. We will research this among pensioners before we launch."

The extra cash for £100 annual winter fuel payments was also trailed in the pensions Green Paper. The extra payments will start this winter and will cost £2bn over the next three years.

ISABEL BERTWICK

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DRINKERS' REPRIEVE PAGE 3

# Surprise reprieve for drinkers but smokers pay a high price

Charity benefits in pools duty cut

## BETTING

POOLS OPERATORS received a £30m boost in a bid to stem the slump in turnover caused by the National Lottery. Gordon Brown announced that pools betting duty will be cut from 25.5 per cent to 17.5 per cent in exchange for the pools companies' pledge to fund two football charities.

Littlewoods, the leading pools operator, welcomed the measure. "We are pleased the Chancellor has given this reduction that will allow us to compete more effectively in a very competitive market. It is a cash boost which will aid investment in new technology to provide every collector with a hand-held computer terminal which will revolutionise the way the pools are entered."

The Chancellor said that the cut – the third in four years – would help pools operators to compete with the National Lottery and its spin-off games. In a related measure, he also announced that from 1 April, the gaming duty bands – levied on casinos – would be linked to inflation.

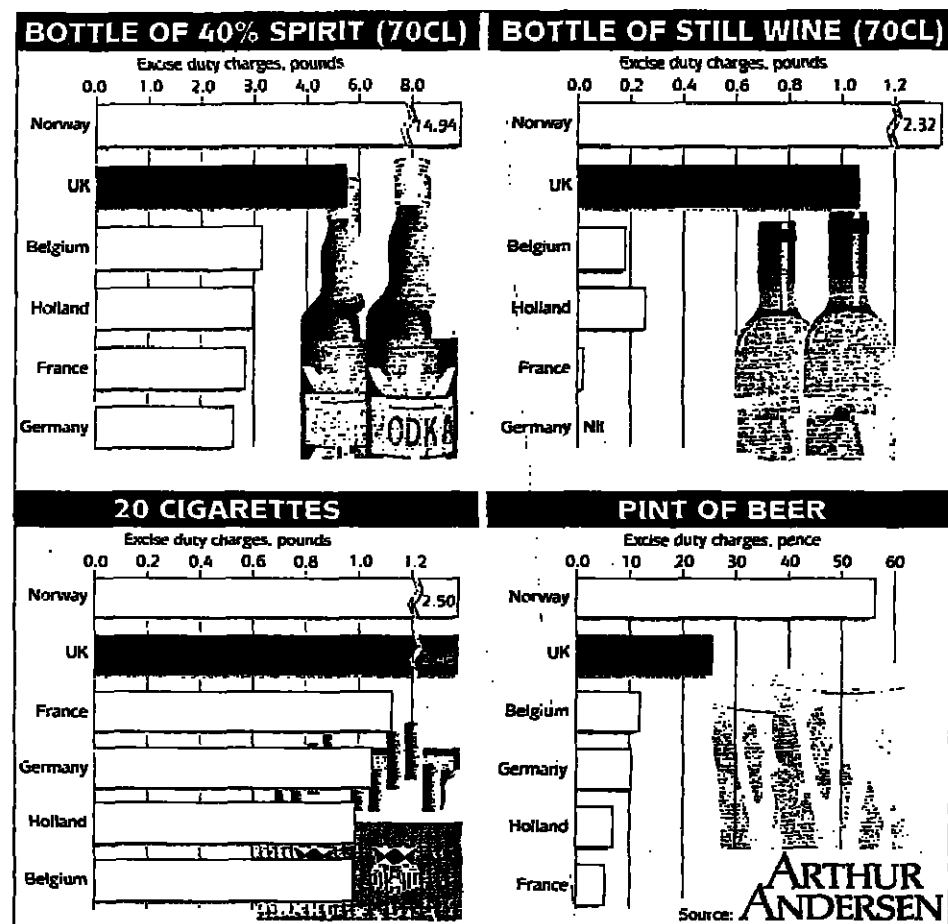
Britons spend around £500m a year on football pools but their share of the £40bn-a-year betting market has been in decline since the launch of the National Lottery four years ago.

In exchange for the cut, which comes four years after two 5 percentage points reduction, pools companies have agreed to fund the Football Trust and the Foundation for Sports and Arts until March 2002. The Football Trust, set up in 1990 after the Taylor report into the Hillsborough disaster, helps football clubs in meeting the safety recommendations of the report. The Foundation, established in 1991, supports small grassroots projects in the arts and sports.

The reduction was attacked by bingo operators. "We are very disappointed that the Chancellor has not helped us in the budget. Bingo operators cover a wider area of the country than pool operators (which are concentrated in Liverpool) and employ more people," a spokeswoman for the Bingo Association said.

The indexation of gaming duty, levied on the difference between the stakes received and the winnings paid out, will mean that casinos will start paying the highest 40 per cent tax rate on any takings above £431m, compared with £42m previously.

FRANCISCO GUERRERA AND NIGEL COPE



## ALCOHOL AND CIGARETTES

SMOKERS AND tobacco manufacturers bore the brunt of the Chancellor's tax increases while drinkers won a surprise reprieve with a freeze in duty on beer, wine and spirits.

Gordon Brown stuck to a long-standing tradition and announced that excise duties on tobacco will increase by 5 per cent above the rate of inflation, to help to pay for a £3bn package of tax benefits for the elderly. The rise will add around 17.5p to a packet of cigarettes, pushing the cost of 20 Benson & Hedges to around £3.80. A pack of five small cigars will cost 7.5p more, while a 25g pack of pipe tobacco will go up by 9.5p.

The rises will take place immediately. Mr Brown decided to keep on hold the other section of the so-called "sin taxes" leaving duties on beer at 33p a pint, on spirits at £7.82p per litre and at £1.49 per litre for wine.

Cigarette-makers and retailers reacted angrily to the decision to hike taxes, noting that taxes now account for nearly 80 per cent of the retail price of cigarettes. John Carlisle of the Tobacco Manufacturers Association (TMA), which had called for a £1 cut in taxes said: "We are very cross. This is an ostrich-policy and a head-in-the-

sand Budget. The Chancellor has totally ignored the problem of smuggling, the loss of tax revenues and the threat to the livelihood of retailers."

The tobacco industry has attacked the Government's tax increases as a blueprint for smugglers. According to the TMA, the Exchequer loses £1.5bn in revenue a year to smuggling.

The TMA claims that UK taxes are almost £1.50 higher than the average of the rest of the European Union countries. The differential encourages smuggling and bootlegging. Over 15 per cent of all cigarettes and over 75 per cent of hand-rolling tobacco smoked in Britain comes from illegal imports, the TMA maintains.

Mr Brown acknowledged the problem of the black market in his speech to the House of Commons but added that smuggling "will not be permitted to undo a policy on cigarettes which successive British governments have adopted for good and urgent health reasons".

He added that the Government will strengthen its anti-bootlegging strategy with "new resources to detect, prevent and punish this costly form of organised crime".

Small retailers said the Government could do little to stop illegal importing of cigarettes. Paul Mason of the Tobacco Alliance, which represents 26,000 retailers, said: "Mr Brown may as well try to stop the tide at Dover as stop the flow of smuggled cigarettes."

"The Chancellor's misguided policy is just flushing billions down the drain. He says he is alarmed at the state of the tobacco smuggling problem, but he chooses to ignore the only sensible option to combat it, namely cutting the UK's ludicrously high tobacco tax."

Anti-smoking pressure groups welcomed the decision to put the cigarette duties. Clive Bates, director of Action on Smoking and Health (ASH), said: "We are satisfied. When cigarette prices rise, tobacco consumption falls as smokers cut down, give up or never start in response to prices."

Labour has taken a harder stance on cigarette duties than the Conservatives, which were committed to duty increases of at least 3 per cent above inflation.

Cigarette duties have been increased every year for the past nine years. The 1987 and 1988 budgets were the only two occasions in the last 12 years were not increased.



Excise duties on tobacco will rise by 5 per cent above the rate of inflation

Beer and wine producers were delighted with the surprise decision to leave taxes unchanged. Mr Brown had increased duties on beer in line with inflation in the past two budgets and the industry was bracing itself for another hike.

However, the Chancellor hinted that another increase would have spoiled the Millennium celebrations. "There will be no tax rises on alcohol this side of the Millennium," he said.

The only increase will apply to sparkling cider, where a 75cl bottle will go up by £1.02p to bring it into line with sparkling wine.

The Brewers and Licensed Retailers Association said: "A freeze is very welcome as far as it goes and the Chancellor does seem to be acknowledging the problems caused by smuggling."

Quentin Rappaport of the Wine and Spirits Association welcomed the freeze, which mirrored last year's decision on

spirits duty but departs from the decision to add 8p to a bottle of wine. "We are particularly pleased that he mentioned that he did not want to spoil the Millennium party," he said.

The industry lobby groups claim that the high level of British duties is at odds with the rest of the EU, where duties are moving towards a target rate of 8p a pint. In wine, the gap is even more pronounced with the French duty on a litre pitched at just 0.2p.

They maintain that the tax differential encourages cross-Channel smuggling. According to the industry, every day more than 1.5 million pints of beer cross the Channel – the equivalent of beer sales of all the pubs in Dorset, Somerset, Devon and Cornwall. Over two-thirds of them are re-sold illegally without paying the UK duty, causing a tax revenue loss of around £800m a year to the Exchequer.

FRANCISCO GUERRERA

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Up to £2,000	0.50	0.50	0.50
£2,000+	1.00	1.00	1.00
£10,000+	1.23	1.74	1.75
£50,000+	2.96	2.48	2.50
Private Banking Savings Account (1) (monthly interest option)			
Up to £10,000	4.89	4.41	4.50
£10,000+	5.09	4.61	4.70
£50,000+	5.18	4.70	4.80
£100,000+	5.47	4.99	5.10
Private Banking Savings Account (1) (annual interest option)			
Up to £10,000	5.00	4.50	4.50
£10,000+	5.20	4.70	4.70
£50,000+	5.30	4.80	4.80
£100,000+	5.60	5.10	5.10
Investment Management			
Cash held on the Capital Account within our Investment Management Service will earn interest at the following rates:			
	Previous Gross %	Gross %	AER %
Up to £5,000	1.00	1.00	1.00
£5,000+	4.91	4.43	4.50
£10,000+	5.11	4.62	4.70
£50,000+	5.20	4.72	4.80
£100,000+	5.49	5.01	5.10

Gross: the rate before the deduction of tax applied to interest on savings. AER (Annual Equivalent Rate): A national rate which illustrates what the gross rate would be if interest was paid and compounded each year. All rates are quoted per annum.

(1) This product is no longer available to new customers.

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## CASE STUDY: THE LONE PARENT

### Little change, but I'm not unhappy with my new lot

Sylvia Hayhoe, 45, from Carlisle. She works part-time as an administrative assistant and takes home £723 a month. She receives £15 a week in maintenance from her ex-husband and £10 a week in family credit, plus £17.10 in child benefit and lone parent benefit. She has a son, Simon, aged 15.

MRS HAYHOE said that there was little in the Budget that will affect her. She works 32 hours a week and is therefore ineligible for the working tax credit.

And unless her son stays in full-time education she is also likely to miss out on the child allowance tax credit which does not come into effect until 2001 when he will be 17.

"I think I will be slightly better off because of the 10 per cent tax band. It will be about £3 a week but every little helps," she said.

"I just miss out on everything. When they said you could have help with child care for a child under 12, he was 13 and now he will probably be too old for the child benefit changes."

After paying her rent of £156 a month and all her bills, Mrs Hayhoe is left with about £150. Out of that she has to buy food and clothes and run the car.

"I'm hoping my Peugeot 106 counts as a small car because the tax going down by £55 is a lot of money and that will make a difference. Petrol is going up but I only drive about 8,000 miles a year which is below average so I don't think it will make a huge difference."

"I don't drink or smoke so I won't be affected by that which is good."

She is about to buy a house for the first time and her fixed rate mortgage, which works out about £10 a month less than her rent, will not be affected by any changes in the interest rates.

"On the whole I think this Budget is all right but I would like to see the changes come in sooner, particularly the child benefit."

"But it is good for pensioners and children, even though that doesn't affect me."

KATE WATSON-SMYTH



Lone parent Sylvia Hayhoe says little in the Budget will affect her Ian Duncan



# Buy smaller car, drivers are warned

## MOTORING

MOTORISTS were given a clear warning to get out of their vehicles and use public transport, or buy a smaller car, as the Government imposed hefty rises.

The price of a gallon of unleaded petrol will top £3 for the first time after the Chancellor announced a 6 per cent rise in fuel duty.

He also unveiled a package of measures to reward the use of "greener" cars, initiatives to encourage workers to share vehicles or to come to work by bicycle, and a crackdown on company car tax-breaks for 1.5 million drivers.

Motoring organisations warned the measures would hit rural drivers and the elderly and accused ministers of raising a green "smokescreen". But environmental groups gave the Budget a cautious welcome.

From 6pm yesterday, duty on unleaded fuel rose by 3.79p a litre. This means a rise in a litre of fuel of 3.79p to around 67p and £3.13 from £2.91 for a gallon. Leaded fuel duty rose by 4.25p per litre to 74.4p. Diesel rose by 6.14p per litre to nearly 71p.

The 6 per cent rise implements the Government's commitment to "escalate" fuel duty as part of its climate change strategy.

The Chancellor announced a reform of the Vehicle Excise Duty (road tax) on cars based on the level of pollution emissions. VED for all private and light goods vehicles will be increased by 25 to £155 from today. But from 1 June smaller cars with engines up to 1,100cc would pay a rate of £100. From autumn 2000, the rate for new cars will be determined primarily by their carbon dioxide emission rate.

The RAC said that an average motorist driving 10,000 miles a year using unleaded fuel in a hatchback car would be £80 worse off. Edmund King, head of campaigns, said: "Many motorists, such as the elderly, disabled and rural residents are totally dependent on the car."

He said the two-tier VED system was a "tax on luxury not use" as it did not punish drivers of larger cars for heavy mileage. "The Treasury is dressing up tax rises in greenery."

The AA said the rises in fuel duty meant motorists were paying a record £2.50 to the Chancellor for every £10 spent on the garage forecourt. John Dawson, head of policy, said: "The Chancellor's environmental excuses for hitting drivers again with the fuel escalator are wearing extremely thin."

Mr Brown announced a reform of tax on company cars to encourage the use of fuel efficient cars. The current system that cuts the tax by a third for people who do more than 2,500 business miles and by half for more than 18,000 will be abolished in 2002. It will be replaced with incentives to encourage the purchase of cars with lower CO<sub>2</sub> emission. Mr Brown said the reform would cost the typical user about £1 a week.

The Chancellor was applauded by environmental groups for removing tax penalties on employers who offer green benefits such as works buses, discount fares and allowances for using cycles.

Tony Bosworth, of Friends of the Earth, said: "This Budget represents the Government's first halting steps towards green economies."

Transport 2000 director

Stephen Joseph said: "We're now seeing the tax system starting to swing behind integrated transport and away from rewarding gas guzzlers and business car travel."

The Chancellor said there would be more money for public transport. However, the Government said the details would not be published.

Prescott, the Deputy Prime Minister, returned from India. The changes are unlikely to meet Mr Prescott's target of cutting the number of car journeys. One think-tank, the Centre for Economics and Business Research, said road usage would be cut by just 0.51 per cent.

Mr Brown offered some good news for the freight industry. VED will be frozen for 98 per cent of all lorries and cut by up to £1,000 for lorries and buses with clean engines.

The Freight Transport Association welcomed the move but condemned the 6.14p rise in duty on diesel, which it said effectively doubled the world price of bulk diesel. "The Chancellor's crude strategy of bleeding the transport industry to pay for Government expenditure should be about helping industry - not stealing from it," it said.

Drivers will also have to pay extra for motor insurance as Insurance Premium Tax rises by 1 per cent to 5 per cent from 1 July, adding £6 to an average household insurance bill of £667.

The Opposition seized on the rises in fuel duty. William Hague, the Tory leader, said: "The Government have taken their persecution of the motorist too far and their damage to the haulage industry too far."

PHILIP THORNTON  
Transport Correspondent



The Chancellor raised the price of petrol and unveiled measures to encourage more use of public transport

## More choice in the rural areas

### PUBLIC TRANSPORT

RURAL TRANSPORT services, the Cinderella of Britain's transport network, are to receive a multi-million-pound cash injection under plans to deliver more choice for travellers.

The Chancellor said the Government would increase the size of the rural transport fund, set up last year, by 20 per cent to £120m. He said this would mean £10m of extra resources a year for two years.

Bus companies will benefit from a £20m rebate in fuel duty to cover the increases in duty announced yesterday. The industry will also benefit from tax breaks being offered for buses provided by employers for their workforce.

The Department for the Environment, Transport and the Regions said that the money would be used for infrastructure projects rather than subsidising fares. The money could be used to encourage provision of better integration and to improve the quality of stations.

Extra funds for improving security at rail and bus stations could provide for more closed-circuit television and other security devices. The details will be announced shortly.

John Reid, the Transport minister, said: "This is a reforming Budget with measures which show that transport is a key element of the Government's agenda. It is using the tax system to help deliver our objectives for integrated transport - better choice with cleaner vehicles."

"There's an extra £50m to support the bus network, an extra £20m for rural transport and measures to enhance security at transport interchanges."

The bus, hailed as the "thoroughbred not the workhorse" of local transport by the Deputy Prime Minister, John Prescott, will also benefit from a £1,000 cut in Vehicle Excise Duty for vehicles with clean engines.

The Confederation of Pas-

# Green lobby praises anti-pollution measures

## ENERGY TAX

A NEW energy tax for industry and a raft of measures to cut carbon pollution are significant steps towards meeting Britain's tough targets for cutting the greenhouse gases believed to be causing global warming.

They drew an enthusiastically warm welcome from environmentalists, but the prospect of the new tax was greeted with apprehension by industry.

The tax was recommended in a report last November from Lord Marshall of Knightsbridge (formerly Sir Colin Marshall), the chairman of British Airways and past president of the Confederation of British Industry (CBI), and will come into operation in two years' time.

The Government considers

the tax unavoidable if emissions of carbon dioxide from power stations are to be curbed in line with the Kyoto agreement on climate change of December 1997, and the even tougher Labour manifesto pledge to cut CO<sub>2</sub> emissions by 20 per cent by 2010.

Mr Brown gave no detail of levels for the tax, but promised that it would be revenue-neutral, and industry as a whole would be compensated for its additional bill with cuts in the level of employee national insurance contributions (NICs) from 12.2 to 11.7 per cent. Energy-intensive industries would be set "significantly lower" rates of tax if they improved their energy efficiency,

he said, promising discussions with them.

But the big energy users, such as the steel, cement, aluminium and chemicals industries, reacted warily.

"I don't think energy-intensive industries can stand being taxed any more than they are without being driven out of business," said Lisa Waters, economic adviser to the Energy-Intensive Users' Group, which represents firms with huge electricity bills.

Energy represented up to 80 per cent of the costs of some sectors such as aluminium and chemicals, she said, and as they

were capital-intensive rather than labour-intensive, the NICs cut would not fully compensate them. "It all depends on the exemptions," she said.

Fiona Davies, energy adviser to the CBI, said: "The extent of the level at which the exemptions are set will be crucial in terms of the effects of the tax on competitiveness."

However, the move delighted environmental groups. Ian Taylor, scientific political adviser to Greenpeace, said it provided "welcome recognition that the protection of the climate requires a long-term signal to industry to change its

ways. That, as Lord Marshall recommended, means a tax."

Charles Secrett, executive director of Friends of the Earth, said that New Labour had taken its "first halting steps towards green economics."

The Institute for Public Policy Research, the left-leaning think-tank that has long supported an energy tax, was even more generous in its praise. "This is probably Britain's greenest-ever Budget, and it helps prove the Chancellor's commitment to the environment," said its environment researcher, Chris Hewitt.

The Government is confident

of meeting the first of its two climate-change targets, the one in the Kyoto treaty. This obliges it to make a cutback in a "basket" of CO<sub>2</sub> and five other industrial gases to 12.5 per cent below their 1990 levels by 2010. That target is 180 million tons (a "carbon equivalent"). On present policies Britain will be emitting 194 million tons in 10 years' time, but ministers feel energy-saving measures in the pipeline will enable the target to be met.

However, the Labour manifesto target, subsequently confirmed, of a 20 per cent cutback from 1990 levels in CO<sub>2</sub> alone, is a much tougher proposition. That target is 135 million tons, and on present policies Britain will be emitting 163 million

tons of the gas in 2010. The gap will take some bridging.

Mr Brown said yesterday that the energy tax was calculated to take out 1.5 million tons of CO<sub>2</sub> annually and the anti-car pollution measures he announced would account for another 1.5 million tons.

There is a long way to go, and scientific concern continues to grow over climate change. Last year was the hottest year in the modern climatic record and British scientists who have reconstructed the climate of the past from tree-ring data said it was the warmest for 1,000 years. The five hottest years have all been in the Nineties.

MICHAEL MCCARTHY  
Environment Correspondent



## CASE STUDY: THE INVESTORS



Leonard and Rachel Taylor: 'We are not big spenders. We don't drink or smoke'

## 'A gain for us on all fronts'

Leonard Taylor, 70, and his wife Rachel, 75. They receive £1,400 a month from private and state pensions. They have savings of £24,000 in Virgin Direct Income Peps and stocks and shares. Their outgoings are minimal with no mortgage.

Mrs Taylor, a former nursing sister, was delighted and could find nothing to object to. Her husband, a retired policeman, was slightly upset that their car, a Mazda, did not qualify as a small car and they would not be eligible for the reduction in excise duty - and would be hit by the increase in petrol.

But the couple will benefit from the increases in capital gains tax and inheritance tax. "It means we can sell a little bit more and gives us more leeway with the estate," she said.

Their house is worth about £180,000 and the increase in inheritance tax by £8,000 to £231,000 means they will not have to pay so much in duties.

"It was a wonderful Budget

and it was very kind to pensioners," she said.

Their state pensions will increase from £97 a week to £120 a week for the two of them which, they said, makes for a "good pub lunch".

"We are not big spenders. We don't drink or smoke and our outgoings are very low really. We are very interested in the new National Savings bond and I think we will probably move some money out of the building society where it is affected by interest rates and tax."

Mrs Taylor was particularly pleased about the announcement that the Government will give £30 extra to those who donate £100 to charity.

"We support an old Gurkha in Nepal and it's nice to think that they will be able to eat better because our donation will be increased by the Government."

"I do think William Hague will have a job to complain about any of this. There is nothing to complain about except by being ungrateful."

Help for buses should please John Prescott (top), while John Reid calls transport a key item

senger Transport warned that the measures penalised urban and inter-urban services and school transport as they did not receive the fuel rebate. David Watson, of the CPT, added: "£20m over two years is good in principle but it is not a lot."

The bus operator Arriva welcomed the Budget measures as a further boost to public transport. It said that grants for public transport now totalled £120m, and it welcomed the introduction of tax relief for bus services provided by employers for their staff.

Arriva, which buys more than 500 buses a year, also welcomed the £1,000 cut in the licence fee for cleaner buses. But it said that it would seek clarification on whether increased motoring taxes would be "ring-fenced" for investment in transport infrastructure.

PHILIP THORNTON  
Transport Correspondent



# And there I was, worrying about a recession

LET'S SAY it's Droitwich. In a newish semi, with a two-year-old, runabout Peugeot in the drive outside, my alter ego, Desdemona Aarons, sits watching the Budget on the kitchen-diner portable. It is to her that I always turn when, as an inhabitant of Lower England, I want to know how things are playing in Middle Britain. Today the kids are at school, and Desdemona is working from No 43 Magenta Drive. Now she pours a Continental blend from the cafetière, takes a bite from a Sainsbury's croissant, and turns to the screen. The Chancellor is rising.

Desdemona is taken by his tie, a gold job with what look like coins stitched to it. Perhaps they're euros. The TV picture is a slightly unpleasant one, leaving a row behind the Chancellor of headless, footless torsos, their disconnected

arms busily taking notes. She wonders why the director doesn't frame his shot better, and why - from time to time - a collective grunt or guffaw punctuates the speech for no obvious reason.

The speech feels very modern. Lots of it seems to be about schemes with names like Research and Development Tax Credit, which has something to do with loads of extra science equipment for companies. Mr Brown tells her that she won't be taxed for having a company computer at home. Which must, she imagines, be great.

Already an image is being created in her mind, an apotheosis of New Labour, with Chancellor and PM floating like constellations over a landscape of twinkling machines and happy entrepreneurs. Youthful brainboxes in white coats run

around labs shouting, "I've found the solution, thanks to Mr Gordon Brown!" As her imagination wanders, she absorbs something about a Computer Learning Centre in every town. Presumably they will have one in Droitwich, and all the old computers will be sent there to update themselves and learn new skills, such as how not to switch themselves off on 1 January 2000.

And there will be 10 million more books in schools! That's a shillout of *Chips' Magic Adventures*, she thinks, gratefully. Perhaps now she and Trevor will stand a better chance of getting the boys to read.



DAVID AARONOVITCH

*This seems to be socialism without pain, largesse with prudence. Is such a thing possible?*

which the educated, risk-taking, entrepreneurial, scientific whizz kids voluntarily share their cor-

mucopia with the poor and the downtrodden, their efforts supplemented by a wise and prudently generous administration.

There's even a lower starting rate of income tax for the lower paid, bless them. Which, she supposes, acts as an encouragement to behave well, and is better than an indiscriminate tax cut for everybody. Wallop! The main rate down, the Chancellor back in his seat, a grin the size of the Cheddar Gorge on his face, cheers all round and David Dimbleby on BBC saying that the speech was "one hour five minutes and 45 seconds long, for those who are interested". Desdemona supposes that there must be such people.

So, science boosted, computers everywhere, jobs for all, books galore. Eight and a half billion quid in good, prudent things, a Giv-

ing Democracy (whatever that is) established and a moment of pleasurable guilt when Desdemona's own tax rate came down. And what's the cost? A tad on very expensive houses (the new pad Desdemona covets costs less than £250,000), a big amount on fags (Desdemona packed it in a year ago, and now attends the local gym twice a week), the end of mortgage tax relief (not worth very much any more). This seems to be socialism without pain. Largesse with prudence. Is such a thing possible? It is certainly what Desdemona felt she was voting for back in May 1997.

There must be a catch, but right now no one can think of one. Back on the TV, Peter Snow now prances with angular grace round a virtual reality street, and every house or shop he calls at seems to be vaguely content, from the unem-

played denizen of the high-rise block, to the owner-occupier of the computer-generated modest Tudor pile. The pundits agree that "he's been very clever there".

Desdemona hears the metallic voice emerging from the strange, wide, lipless mouth of the Leader of the Opposition. He is scathing and derisive. But what on earth is not to like? Some folk, Desdemona thinks, are never satisfied. She wonders why she didn't vote Labour years ago. Indeed, she wonders if she'll vote anything else. And it was so comforting she reflects, to hear that the Chancellor was expecting a little bit of growth next year, and loads in the years following. And there we were, worrying about recession! Desdemona turns off the television, drains her coffee cup, and loses her son's key in the front door.

# As a high-earning mother, I expected to feel betrayed. Instead, I'm euphoric



DEBORAH ORR

*I'm relieved there'll be no tax for the time being on child benefit for families in high tax brackets*

AS A married New Labour voter in a high-income tax bracket, with a mortgage and a moral objection as a big earner to claiming child benefit for my son, I'm one of the people who have been told for days on end that I ought to feel betrayed by the much-leaked contents of Chancellor Gordon Brown's third budget. Instead I'm euphoric.

I'm most delighted about the abolition of the married couples' tax allowance. Like Gordon Brown, I'm not afraid of stating unequivocally that I consider a conventional family structure to be the ideal framework for bringing up children. And, like New Labour, I don't believe that tax breaks for adults who are married or living together are of any help at all when it comes to making that ever-more-beleaguered structure work well.

Anyway, the much-propagated idea that all the financial benefits of being married are being eroded is simply not true. For example, if your spouse isn't earning you can put your savings into his or her name, and avoid paying up to about £4,000 in tax on them because of your partner's unused tax allowance. Or you can make financial gifts to your spouse without paying capital gains tax. Or you can live safe in the knowledge that anything you leave to your spouse in your will is free of inheritance tax. And so on. There are still plenty of fiscal advantages to being married, without the state giving further handouts from the public purse.

I've always found it patently obvious that two can live more cheaply than one, and when two people on large incomes sell two flats, buy a house and pool their resources in matrimony, it seems to me that they're much better off anyway - especially since their pooled income might take them into a higher tax bracket if men's and women's taxation were not now calculated separately.

Giving them a couple of hundred

quid a year in tax benefits because they're being in some way "upright" is insulting not only to the people who either choose or are forced to live and bring up their children in a different structure, but also to the institution it is designed to reward.

However, it is, of course, when the children come along that the finances of couples are thrown into confusion. Which is why the replacement of the married person's allowance with children's tax credit is absolutely the correct way forward. Although the £416 credit will not come into operation until April 2001, it is still fantastic news and infinitely superior to the anomalous married person's allowance. The fact that it will taper away for high-earning families is again good news. While means testing should be avoided, public money should not be squandered on further treats for affluent children, either.

For different reasons, I'm relieved that there will be no tax for the time being on child benefit for families in high tax brackets. While I don't claim child benefit myself, it is true that even within wealthy families mothers can be kept cash-starved by controlling partners. That is why the benefit should remain independent

of all other family earnings. I do, however, believe that it should be a matter of conscience for well-off families as to whether they in fact claim benefit. Tony and Cherie Blair don't set much of an example here, and neither do many other left-leaning affluent couples. This may be because there is no mechanism whereby unclaimed child benefit can be redirected to help poorer children. Child benefit should never be taxed, but it might be a good idea if better-off families were encouraged to covenant their benefit into one or other of the Government's ever-more dynamic schemes to target particularly needy families.

It need hardly be added that another rise in child benefit, to £15 a week for the first child and £10 a week for subsequent children, is also excellent news. While the childless are often heard complaining that they subsidise the welfare and education of children enough already, Gordon Brown's prediction that "while children now make up 20 per cent of our population, in the future they will make up 100 per cent of our population" should surely console them that at least this state of affairs will not continue for ever. Or maybe Mr Brown was simply suffering a moment of confusion on a day of crystal clarity.

I feel a little disappointment that Mr Brown has chosen not to offer tax benefits to couples when one of them decides to give up work, and be a parent full-time.

And again, while it is good news that benefits will continue when lone parents first start work, there is still not quite enough recognition from this Government that full-time parenting for pre-school children is also an investment in the future of the country, and a choice that is difficult for families who made their financial commitments on the basis of two incomes.

But I'm more than happy about the abolition of Miras. This is a reward for being affluent enough to



Mr Blair has ensured that this is a Budget that puts the modern family at the heart of its tax reforms

Reuters

get a mortgage together and make an investment for the future. There's no tax relief if you're paying an extortionate rent, and in that case you don't get to flog the property for a whacking profit when you manage to move out. So it's always seemed unfair to me that everyone who has a mortgage can claim tax relief. Again, lots of people just don't need that kind of state handout.

However, there is a difficulty here with the many people on the margins of owner-occupation. While the Government believes that this is a good

time to abolish Miras because interest rates are low, the fact is that low interest rates have not made the tiniest dent in repossessions. Some mortgage lenders start repossession proceedings when as few as two mortgage payments have been missed. And while the Government is encouraging people to take out mortgage indemnity insurance, it's obvious that those who need it most are least likely to be among the one in five mortgage holders who are finding the money to afford it.

I suppose you could argue, with

some moral force, that other measures in the Budget that are designed to decrease the tax burden on the poor more than compensate for the loss of Miras.

But since the problem is so huge, I'd argue that it needs separate attention anyway. The most sensible suggestion I've heard for dealing with this problem, which, of course, devastates many families, was floated by the Institute of Housing last year. It believes that there should be schemes up and down the country whereby families who find

themselves unable to cope with their mortgage payments should have the option of teaming up with housing associations that can take over part-ownership of homes, thus cutting the mortgage commitment of the family and at the same time investing in the property themselves. Surely this is preferable to the current system, whereby there is little or no help for families in danger of losing their homes. This is the major gap in a Budget that is otherwise a triumph for the parents and the children of this country.

# You shouldn't be so complacent, Mr Brown



KEN LIVINGSTONE  
*Listening to Gordon, it's easy to forget the outside world, which will make or break this Budget*

IT WOULD be churlish not to be delighted with many of the Chancellor's Budget goodies. The restoration of an earnings link for pensions, the winter allowance, more money from the pools to sport and the arts and the extra help for small businesses, will all be popular. But while listening to Gordon it was easy to forget that there is a world outside Britain, and it is what happens in that world which will make or break this year's Budget.

The rapid slowing of the economy, with manufacturing industry near or in recession, the biggest deficit - £20.6bn - on the balance of trade in goods for a decade, and the possibility of zero growth this year, or even recession, will all return to haunt us as the year rolls on.

This situation was entirely predictable and avoidable. But the Treasury, the International Monetary Fund and the Chancellor radically misunderstood the dynamics of the international economy and, as a result, their projections for growth in the world economy proved to be over-optimistic. Wrong policies inevitably followed.

In the year after slump struck East Asia in the summer of 1997, the Bank of England merrily raised short-term interest rates. As a result, the pound was held at an exchange rate at which British industry could

not compete, while East Asia and the rest of the European currencies were devaluing. The interest-rate cuts since last summer are a case of too little, too late, with their effects taking 12-18 months to reach the real productive economy. The current economic slow-down is the result, and will be made worse because 40 per cent of the world economy is already in recession.

While it is true that the Bank of England, and other central banks, are reducing short-term (three-month) interest rates, they have no control over long-term interest

rates. Productive investment is affected by long-term interest rates, not short-term ones. Long-term interest rates, in turn, are set by the supply of and demand for capital.

There is now an international rise in interest rates. This started in Japan with long-term rates doubling between September last year and January 1999. It then spread to the US from last October, and began to affect Europe in February. Since inflation during this period has not risen, real long-term interest rates have gone up in the last period.

This means that the world economy is slowing sharply - with recession in Japan, slow-down in Europe and various degrees of financial crisis in East Asia, Brazil and Russia. Under those conditions the rising long-term interest rates reflect a decline in the supply of capital rather than excessive demand.

The exception to slowing growth is the United States, but it is running up against the limits of the supply of capital - the chief external supplier of which has been Japan.

The key point in Europe is that at the beginning of a slow-down or recession, long-term interest rates have risen, whereas they would normally be expected to fall. Such an increase in real interest rates during the downswing of the business cycle increases recessionary pressures. Indeed, the German economy contracted in the last quarter of 1998. The German Finance Minister, Oskar Lafontaine, recently said that if the European Central Bank refuses further to reduce interest rates, then governments will need to use fiscal policy to stimulate economic growth.

This is advice that Gordon would have been well advised to follow in his Budget, particularly as his growth predictions are likely to be over-optimistic. Rising long-term interest rates will further reduce investment and growth. In these circumstances monetary policy alone cannot be relied upon to prevent a recession.

Gordon should therefore have taken the opportunity of this Budget to use a big increase in taxation on high incomes and dividends in order to fund a sharp increase in public spending, particularly investment. Instead of cutting corporation tax to 30 per cent it should have been increased to 40 per cent, with a 100 per cent rebate to cover the full cost of all firms' investment in increasing their productive capacity.

Such a policy would lead to a real expansion of investment and employment and lay the foundation for an investment-led upswing in the business cycle, joyfully coinciding with the next general election.

JUDGE NOT the Budget's help for entrepreneurs by the Chancellor's rhetoric, but by the life cycle of business creators. Does the support come in ways that will really assist nascent enterprises? The budding entrepreneur needs funds, skilled staff and time. To what extent do Gordon Brown's measures increase the supply of these essential commodities?

As to borrowing, governments have never been able to do much about a problem which - without a business record or security which can be pledged - the high-street banks do not do much to help tackle in terms of loans. The Government can, however, encourage the provision of risk capital. The measure that most obviously tends to this need is the extra money which the Government is to put into venture capital funds for companies starting up in high-technology fields.

Other measures are significant in an indirect way. Cutting capital gains tax may increase the willingness of investors to support new entrepreneurs. Reducing the impact of inheritance taxes, albeit marginally, has the same effect. Providing loan guarantees through the new Small Business Service will also facilitate the raising of capital.

For entrepreneurs I put these aspects of the Budget first, because

# Enlightened help for entrepreneurs



ANDREAS WHITTAM SMITH  
*This New Labour Chancellor shows every sign that he understands wealth creation*

the initial stages of a company's development, before it is profitable and in a position to pay tax, are the most difficult. Inevitably, Mr Brown has been able to give the more definite help to new companies that have moved into profit. This is because cutting business taxes enables companies to finance more of their expansion from retained earnings. All the same, these much-trumpeted measures will scarcely make the difference between life and death.

The second test of the Budget is

this: to get their businesses off the ground and flying, entrepreneurs have an urgent need to attract talented staff. Such people are in short supply. Of course, they would not move to a new enterprise unless they were risk-takers by nature. Yet the often hesitate before jumping, and sometimes turn back. It is impressive that the Chancellor has seen this point. He sees that schemes that provide options on shares in new enterprises can be a valuable incentive, and he is acting wisely in making sure that the tax treatment of the eventual rewards is favourable.

Entrepreneurs are the sort of people who heartily dislike what they see as wasting time in filling out forms and disentangling themselves from red tape. Here is the central task for the proposed Small Business Service. It must identify the frictions and inefficiencies in running businesses that the Government itself creates. For these tasks it requires a strong leader with political clout, otherwise it will be an example of gesture politics.

In fact, I am hopeful. This New Labour Chancellor shows every sign that he understands wealth creation: in that regard he is more enlightened than most of his predecessors, Conservative and Labour alike.



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Politically brilliant,  
fiscally progressive,  
but based on a  
risky assumption

THIS WAS the most intellectually and politically confident budget speech since Nigel Lawson's in 1988. Gordon Brown was at his exuberant best, delivering a Budget that pleases everybody except the Conservative party, which he left for dead. It was a substantial redistribution in favour of the working poor, families with children and the old, combined with the theft of Tory political rhetoric on a grand scale.

It was not perfect, of course. The 10p starting rate of income tax was a gimmick when Mr Brown first proposed it, and it remains a gimmick now. Equally, the cut in the basic rate from 23p to 22p trailed for next year owed most to the need to deliver a killer political punch to a Tory party suckled on the milk of basic-rate tax cuts. But in making the point that the burden of taxation is felt not only by the rich but also by the hard-working poor, the conversion of the Labour Party to the tax-cutting gospel is long overdue.

And in its combination of the goals of fairness and encouraging enterprise, the Budget was a triumph. The measures for rebalancing family taxation deserve at least four long, loud cheers. Undeterred by the sentimentalists who object to the arrival of the 20th century, let alone the 21st, the Chancellor boldly abolished the married couples' allowance and tied the advantages of the tax system entirely to children, with no regard to the status of the family in which they are brought up. This liberalism is to be applauded: it should treat parents equally, not only whether single, double, divorced, separated or widowed, but also whether they are gay or straight.

The additional help for pensioners is a welcome recognition that not everybody in Labour's new Young Country is able to assume the duty of moving from welfare to work. Again, the Chancellor was clever to combine a universal increase, from £20 to £100 in the winter payment, with a means-tested one, raising the "guaranteed minimum pension" next year by the rise in earnings - a partial restoration of the link broken by Mrs Thatcher in 1981.

Finally, the Budget should be applauded as a marker of the extent to which the Government now recognises that risk-taking is an important engine of job creation. This follows the Prime Minister's speech last week, in which he extolled the virtues of the US economic model over the continental European one. The toughening up of the new competition regime deserves another burst of applause - let us hope this presages a real attack on the abuses of market power on the American just-in-time model.



Unfortunately, there was too much in Mr Brown's speech of the tired old assumption that "encouraging entrepreneurs" means giving them tax breaks and "government support". The Chancellor sounded suspiciously like Tolstoy's character who sits on a man's back saying: "I am very sorry for him and wish to ease his lot by all possible means - except by getting off his back." The best way to encourage entrepreneurs is to get government off their backs altogether. What small employers desperately need is to minimise contact with government and, when contact is unavoidable, to simplify the requirements on them. There was some recognition of this in Mr Brown's idea that a "one-stop open-door service" for small businesses would offer an automated payroll service, but they are unlikely to be holding their breath for this salvation. A simpler tax system, operated by an Inland Revenue with the same sense of innovation and enterprise as Mr

Brown was enjoining on the rest of us, would be the biggest help. Instead, the Chancellor headed off in the other direction, announcing £10m here and £50m there on schemes and tax breaks and bureaucratic form-filling "initiatives", dressed up in New Labour, third way rhetoric.

One of Nigel Lawson's achievements was as a tax reformer who made the tax system simpler and more logical. Mr Brown has simplified the big picture: an independent Bank of England, a "golden rule" and a rule for sustainable national debt, and a three-year planning horizon for government spending which has abolished the annual spending round. But he is in danger of cluttering the canvas with a lot of self-defeating fine brushwork. The tax concession on so-called "high risk" share options is the kind of crazy loophole which Mr Brown's socialist double denouement with such justified fury in opposition. The other strategic objective in the Budget was Mr

Brown's green plan to shift the burden of tax from small cars to big ones, from employment to pollution. We hope this will meet the target of cutting greenhouse gas emissions from burning fossil fuels by 2010. But there is no reason why he should not move further and faster.

Overall, though, it was a politically brilliant and fiscally progressive budget. The main danger is that it is founded on the optimistic assumption that the British economy is about to effect its first-ever soft-landing-followed-by-immediate-take-off. After a pause in growth this coming year, the 2.5 per cent growth that is forecast for 2000-01, followed by 3 per cent in 2001-2002 (election year), leaves plenty of scope for a belly-flop on the downside.

Look what happened after Nigel Lawson, at the height of his confidence and power, proclaimed an "economic miracle" in 1988. It will be some time before history can judge his successor.

A Chancellor who positively revels  
in being an old-fashioned spender

NONE OF the leaks did it justice. All that talk about fiscal neutrality was blown away by a Budget that positively revelled in its old-fashioned injection, as the Chancellor put it, of £4bn of purchasing power into the economy. We had been ready for the new 10p starting rate, but not the 1p cut in the standard rate. We hadn't known that the new forecasts of unemployment-driven social security spending had been reduced by £8bn - allowing the Chancellor to find the money for what was, when all was said and done, a Budget as populist as it was redistributive.

And as with the content, so with the performance. For a Chancellor whose public demeanour is positively austere, this was an unusually flamboyant performance. He teased his audience, he promised to ensure that the cost of alcohol would not go up before the millennium, and he skewered William Hague and Francis Maude by reminding us of their past words on two of the most potentially controversial elements - abolition of both the married couples' allowance, and mortgage interest relief.

On these last two points he has clearly got his way. Part of Brown's acumen as a chancellor, not for the

first time, has been to see how easily some old-fashioned Treasury orthodoxy can be made to sit with left-of-centre redistribution.

Abolition of mortgage interest tax relief, of course, easy to present as a left-wing squeeze on the middle classes; in fact it was Ken Clarke who started to whittle it away to something worth only about £200 a year. During the Tory years it was not only Treasury orthodoxy but a target of some quite right-wing members of the Tory party, who thought it a perk too far and a distortion of the housing market, which it was.

Nigel Lawson, a chancellor whom Brown resembles in confidence and authority, as well as in a dislike of unnecessary tax breaks, would certainly have liked to abolish it. That it was preserved for so long was a function of Margaret Thatcher being, in truth, less of a Thatcherite than many of her followers, and insisting that the state had a duty to subsidise the marital home.

Similarly with the married couples' allowance. It is easy to understand that Tony Blair might have been a little nervous about the presentational problems it could cause in *Daily Mail* land. But it has become, as Gordon



**DONALD MACINTYRE**  
*So fast came the spending promises that you hardly noticed when Mr Brown tore up competition policy*

Brown pointed out with some vigour yesterday, a much more meaningless break than its propagandists would ever admit, and has appeared all the more of an anomaly since Lawson established independent taxation for men and women.

Independent taxation was one of the obstacles, however, to another widely predicted change which didn't in fact happen yesterday. The problem was that the non-working wife of a

millionaire company chairman would still be able to claim it, while a hard-working middle-class woman who earned enough to be just above the higher rate of tax would not. But it was never entirely beyond the wit of the Treasury to find a way of taking the spouse's earnings into account, and Brown showed every sign of thinking that it should be done. Nor was there anything inherently socialist about doling out a benefit to those for whom, as Jilly Cooper once memorably said, it is worth a bottle or two extra of Sainsbury's champagne a week.

But this should not detract from what was an unexpectedly swash-buckling budget for the mid-term. So fast and furious came the spending and tax-cutting promises, that you hardly had time to notice when the Chancellor tore up competition policy by announcing a new, all-powerful agency that will henceforth, just as the Bank of England did on interest rates, relieve the Secretary of State for Trade and Industry from most quasi-judicial decisions on mergers.

The Labour backbenchers were ecstatic about many of the announcements - perhaps most of all for announcing a quadrupling of the pensioners' winter allowance. But in fact

this was a Budget which, perhaps more than any previous one, encapsulated Gordon Brown's driving idea - that it is possible to combine a passion for social justice with as much enthusiasm as the most ardent Thatcherites ever had for enterprise and entrepreneurship.

The milk and honey may not yet flow quite as lavishly as the Chancellor implied. The assumptions on which his increased freedom for manoeuvre depend require the industrialised countries not to slip into a global economic crisis. And the Budget itself was a mile less generous than the Chancellor made it look yesterday: indirect taxes will go up; the 1p standard rate cut is not till next year; the 20p rate goes up to 23p and then back to 22p when the 10p rate comes in next year. Nevertheless it was a bravura performance by a Chancellor who knows that his resolute resistance in the first two years in office to all the temptations to which previous Labour governments had been prey, is starting to reap its reward. So expansive was his performance, that you might almost think there were an election or four in the air. I count one local, two national and one European myself.

**BUDGET QUOTE OF THE DAY**  
"It is extremely frustrating to hear someone else singing snatches of our song but doing it so completely out of tune."  
Paddy Ashdown,  
leader of the Liberal Democrats  
**BUDGET THOUGHT FOR THE DAY**  
"Forty thousand pounds a year is a moderate income - such a one as a man might jog with."  
John George Lambton,  
first Earl of Durham (1792-1840)

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A mixed welcome for Mr Ten Per Cent

AFTER ESTABLISHING, in his first two budgets, a reputation for prudence, Gordon Brown has found some money to spend. On balance he has spent wisely if perhaps too well.

Although there has been much talk of recession, we are still close to the peak of the economic cycle, and the public finances show it. Not since the peak of the 1988 boom has a chancellor had such a favourable fiscal backdrop.

To some extent, this fine economic weather is of Gordon Brown's own making. He wrong-footed the Tories before the 1997 election by promising to stick to their spending plans. He has talked endlessly of fiscal prudence ever since. But the statistics in his Red Book show that he has delivered. A dramatic reduction in public borrowing in 1997-98, of 3.3 per cent of GDP, has been followed by a further 1.2 per cent reduction in the current year. Now, in his third budget, he has

decided to reap the fruits of his earlier parsimony. With the economy faltering, he has decided that it is prudent to administer a small fiscal stimulus. He has done so in Brownian fashion. His summary table lists no fewer than 61 Budget measures - nearly one a minute in a speech of just over an hour.

Was it safe to deliver so much so quickly? The net effect is in fact quite small - a £1bn stimulus in 1999-2000, rising to £3.5bn in 2001-02. With the economy visibly slowing at present there is not much risk in this year's giveaway. But Mr Brown has promised tax cuts that will boost demand in the next century, when the economic environment may be less propitious.

A penny off income tax, and the introduction of the 10 per cent band together cost £4bn. The reform of National Insurance costs another £3.5bn. There are further commitments to increases in the pensioners' winter allowance, in the minimum



**BILL ROBINSON**  
*There is a distinct risk that the expected surplus on the current Budget will not materialise*

income guarantee for pensioners and in child benefit, adding another £1bn. So the big giveaways in year three total £8.5bn. Some of this is offset by

the heavily trailed abolition of the married couples' allowance and mortgage interest relief, which together yield £3.5bn of extra revenue. But the net fiscal easing is still substantial, particularly since some of the other off-sets look distinctly iffy.

The Chancellor has chosen to ignore the haemorrhage of tax receipts from tobacco duty and is counting on nearly £500m from that source, not all of which will materialise. He has written in nearly £2bn for a new tax on the business use of energy, which may not emerge unscathed from the long process of consultation that he is inviting. And many of his other off-sets come from anti-avoidance measures and increased taxes on capital, which are notoriously hard to forecast.

So there is a risk that the surplus on the current Budget will not materialise. This package of measures will stall, rather than accelerate, the fall in interest rates. But if the City does

not like the impact on borrowing costs, it can hardly object to the tax reforms. Mortgage interest relief, beloved by Mrs Thatcher because it encouraged home ownership, has been whittled away almost continuously through the Nineties. A period of low interest rates is a good moment to administer the *coup de grâce*.

Finally, a mixed welcome for Mr Brown as Mr Ten Per Cent. As all thinking people know, the introduction of a 10 per cent income tax rate is a piece of headline-grabbing nonsense, much less effective than an increase in the personal allowance. On the other hand it would be churlish not to welcome, from this sensible Labour Chancellor, a 10 per cent starting rate of tax on small businesses and a 10 per cent rate on long-term capital gains.

The author is a director of London Economics and a former special adviser to the Treasury







# the more prosperous we will all be'

country has seen.

Fifth, to match our small business tax cuts with a new champion for small business in government, we will simplify help for small businesses and establish, for the first time in our country, a single Small Business Service, devoted entirely to the needs of small business.

This one-stop, open-door service - the Small Business Service - will have new resources to offer loan guarantees, support innovation, advice on electronic commerce and delivery, for the first time, an automated payroll service to help new small companies starting out.

Sixth, to open Britain's economy to the enterprise of all, we propose employee shares for all. Employees will be able, for the first time, to buy shares in their own companies from their pre-tax income. Every employer will be able to match, tax-free, what each employee buys. This will be the most tax-advantaged all-employee share ownership scheme Britain has ever had.

Seventh: New targeted tax cuts and public investment to equip all our companies and all our people for the newest and most decisive economic challenge of the 21st century - mastering information technologies, from the PC to the Internet, from e-mail to e-commerce.

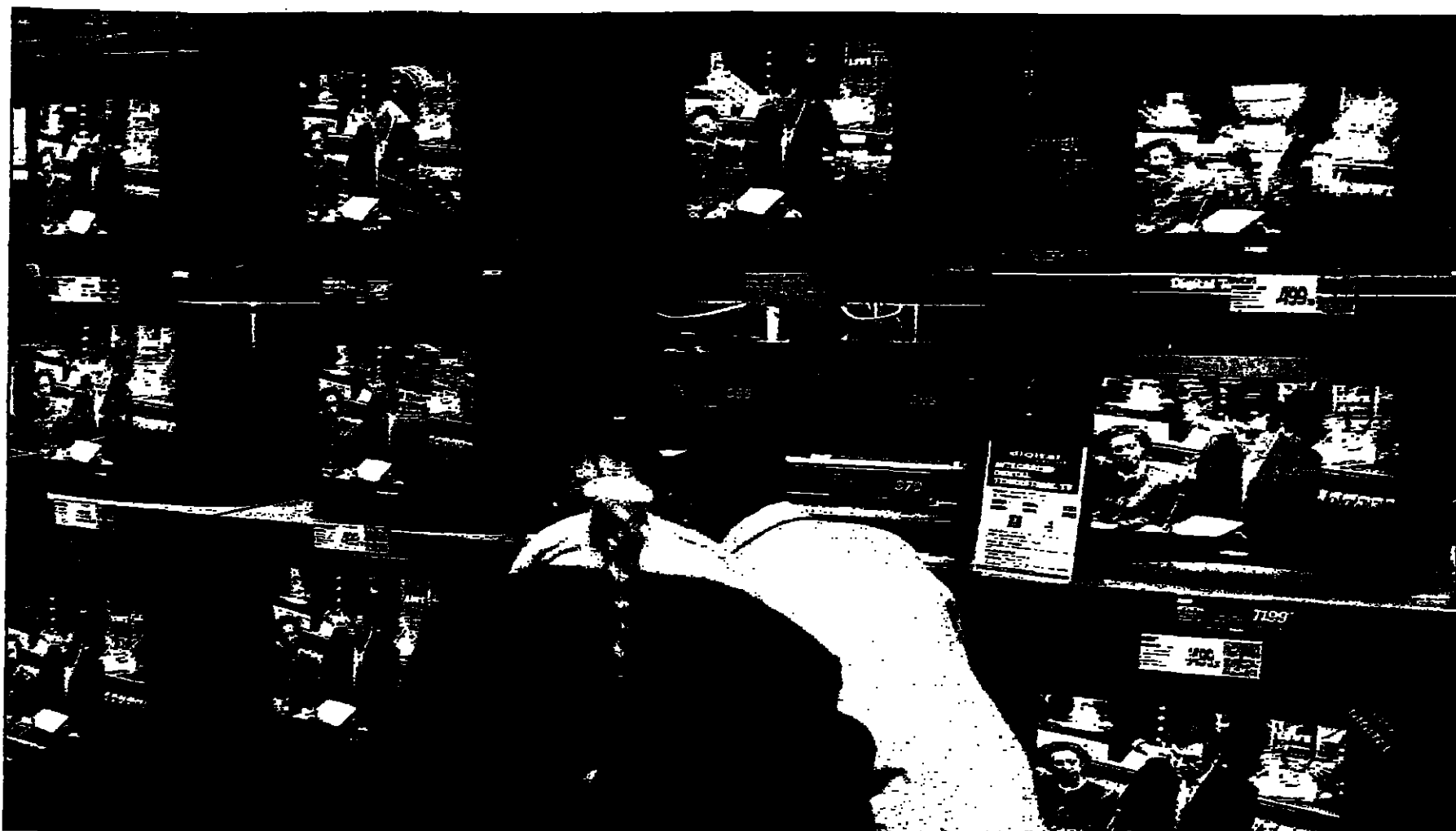
This industry is the great driver of world economic growth today. And Britain can no longer afford to lag behind America. So today, we allocate an additional £500m from our Capital Modernisation Fund to launch a £1.7bn computers-for-all initiative. Our target is a national network of 1,000 computer learning centres, one for every community in Britain. They will be in schools, colleges, libraries, in Internet cafes and on the high street.

Our targets for the new economy are ambitious. Within three years, 1 million small businesses able to benefit from e-commerce, 32,000 schools connected to the Internet, with 370,000 teachers computer-trained, new help worth £20m making it possible for more teachers to have computers for home use.

Anyone left out of the new knowledge revolution will be left behind in the new knowledge economy. So we will pioneer a system under which local partnerships will be able to loan computers and software in the new century the way local libraries have loaned books in the last century.

The tax system will offer further incentives to upgrade old skills and learn new ones. From this year, a million men and women will start to receive £150 to set up their own Individual Learning Accounts - putting the power to plan and prepare for their own careers in their own hands. In this Budget we expand Individual Learning Accounts and open up tax-free learning in computers, in basic skills and advanced skills, to millions more. We will legislate so that employers will be able to contribute tax-free to the new Individual Learning Accounts. Employees will also pay no tax on such payments.

And this Budget will go further, of-



ronmental technologies and in renewable fuels.

In line with the fuel escalator first introduced by the previous government at 5 per cent above inflation and now 6 per cent, petrol duty will rise from 60m today.

Vehicle excise duty for smaller cars will, from 1 June this year, be cut by 65% - the first cut in the licence fee in 50 years. Other cars' rates are only increased in line with inflation. I will freeze vehicle excise duties for 98 per cent of all lorries, and for lorries and buses with clean engines I am cutting the licence fee by up to £1,000. I will maintain the favourable tax treatment for cleaner diesel.

Further, to reduce pollution, employees will from this year be able for the first time to secure tax-free benefits from employer-run or employer-subsidised buses, car-sharing schemes and other environmentally friendly means of transport to work.

Last year we set up a new rural transport fund. To build on its success in extending the range of public transport services in rural communities we will now increase funding for the next two years by 20 per cent to £120m.

To reduce the amount of waste going to landfill, the landfill tax, £10 per tonne in 1999, will, in future, rise by £1 per tonne per year.

Taking into account all these tax changes and all the changes I have yet to announce there will be a net tax cut of £4bn in this Budget.

## FAMILIES

CHILDREN ARE 20 per cent of the British people but 100 per cent of Britain's future. To build that future, this Budget provides a better deal for families and children.

For the last third of this century, families with children have been losers in the tax system. Their tax burden has risen by nearly 20 per cent under successive governments. It is time to reform the tax and benefit system to strengthen the family by putting children first.

What is today called the married couple's allowance is in fact neither restricted to marriage, nor restricted to couples, nor is it strictly an allowance. It is in fact a tax credit paid at the same flat rate to married couples, single parents and unmarried parents living together.

We will replace the married couple's allowance with a new family tax credit that will increase the amount that goes to help families with children. This children's tax credit will give more - not less - help to families at the time they need it most, when they have their children and when their children are growing up.

Today's pensioner couples will retain the married couple's allowance. And couples without children or whose children have grown up will benefit from other changes.

The married couple's allowance is now worth £190 to married couples. The children's tax credit, the tax cut for families, to be introduced from April 2001, will be worth £416, and as a result the typical family with children will be over £200 a year better off. Under my proposals the tax burden on the typical family will fall to the lowest level for 25 years.

I will introduce similar improvements in income support and the working families tax credit. In the Budget last year I set down the two principles that govern my approach: that we must substantially increase support for families with children and we must do so in the fairest way. It is in fulfilment of these two principles that the children's tax credit will be tapered away for the higher earning family where there is a top-rate taxpayer. In the light of this reform,

my Budget decision is that child benefit will not be taxed for taxpayers on the basic rate - or the top rate.

When we came to power child benefit for the first child was £11.45 a week. Next month it will rise to £14.40 a week. It has risen by 25 per cent since we came to Government - an increase of £150 a year.

I now propose a further increase in child benefit, well above the rate of inflation. It will rise next April to £15 a week for the first child, £780 a year. I will also raise the rate for the second and further children to £10 a week. Support for children will be twice as high at the end of this Parliament as it was at the beginning. With the children's tax credit added to child benefit, families who were receiving £11 a week in 1997 for their first child will be receiving £23.



Taking all our reforms together the maximum support for the first child will be £40 a week, £2,080 a year for families when they need it most. Every child in the country in every family will get more - not less - support under this system, supporting rising from £780 a year to £2,080.

Our long-term goal is to bring together the different strands of our support for children in the working families tax credit, in income support and in our children's tax credit and create an integrated and seamless system of child financial support paid to the mother, building on the foundation of universal child benefit.

I have also considered the alternative case that has been advocated for a transferable tax allowance for mothers who stay at home. The better deal for mothers who stay at home is what we are doing from October this year - the working families tax credit. A family with two children on £15,000 a year where the mother stays at home, would have received nothing under the old system of family credit. Transferable tax allowances would give them £997. Under the working families tax credit they will receive £1,460. Where both parents need to work, we need to do more to help them balance the demands of making a living and having children. With a million new childcare places now being created and from October our new childcare tax credit set at a maximum of £70 for one child and £105 for two children, Britain has a national childcare strategy for the first time in our history.

From December 1999 all parents will be entitled to three months' unpaid leave for each child. But currently up to 15 per cent of working mothers-to-be are not entitled to any maternity pay. This is wrong.

Today's Budget will ensure that all mothers in work earning £30 a week or more - 95 per cent of all women in work - are entitled to ma-

ternity pay and to 18 weeks of maternity pay. This is family-friendly employment in action.

Every year a quarter of a million children, even at the minute they are born, are born into poverty. This too is wrong. Our Sure Start programme for the under threes, beginning next month, will ensure that the full resources of health visitors, primary care and schools are there to give every young child a better chance. Today I can announce a new Sure Start maternity grant for the new born offering more help to parents in return for parents meeting their responsibilities. Help amounting to £200 will be conditional, linked to keeping appointments for child health advice and child health check-ups. When we came into power, one child in every three in our country was in poverty. With our measures today 700,000 children are being lifted out of poverty. Families with children are better off.

## THE ELDERLY

TODAY I announce new measures to help all pensioners.

This government created a minimum income guarantee for pensioners. Today I can confirm that next April this minimum income guarantee will be increased not just in line with prices but in line with earnings. As a result of the changes we are making, the minimum income guarantee for the single pensioner will be £78 a week, nearly £500 a year higher than when this government came to office.

Pensioner couples will have a minimum income guarantee of over £121 a week, nearly £800 higher a year than in 1997.

As a result of the measures already taken - our cut in VAT on fuel with tougher regulation and the winter allowance - pensioners are saving £108 on their fuel bills and the poorest pensioners are saving £140. The winter allowance is currently paid to all 8 million elderly households at £20. I have decided to raise it - to £100 - for all 8 million elderly households.

And I have a further improvement, a tax cut for the elderly. I am announcing a reform that will ensure that a total of 7 million elderly men and women will now be outside the income tax system.

Single pensioners will not pay any tax until they have an income of £5,720. Older pensioner couples who both use their personal allowances to the full will now not pay tax until they have incomes above £15,000. In total, two-thirds of pensioners will not have to pay income tax.

Taken together the measures I have already announced add up to an additional £3bn, a better deal for the elderly that makes the typical pensioner household £240 a year better off.

To help pay for this, from today excise duty on tobacco will rise by the normal escalator, 5 per cent above inflation. I have decided to freeze the duty on spirits, on beer and on wine at its current level. There will be no tax rise on alcohol this side of the millennium.

I have decided to make no change to stamp duty on property sales up to £250,000. For property sales above that, the rates will be raised by 0.5 per cent from next Tuesday. Ninety six per cent of home sales are unaffected.

A Britain of strong families is also a Britain of strong communities. Each year 1.2 million people give of their time in voluntary work. Millions more give money to our national charities. The Prime Minister has rightly called for our age to become a 'giving age'.

I want us to mark the Millennium in the best way, by making the year 2000 the giving year. In the last Bud-

get we introduced Millennium Gift Aid. For every £100 a British citizen donates to Third World causes before the end of the year 2000, the Government will contribute £30.

Today in our consultation document on tax and charities, we propose extending the tax advantages of Millennium Gift Aid. We propose



that every charity, national and international, should be able to benefit from this new tax relief.

We propose in future for every £100 a British citizen donates to any charity, the Government will contribute £30. Instead of charity seen in the old way, the rich bestowing favours on the poor, I want a democracy of giving, where all those who can, help all those who can't.

## WORK

Most fundamentally the tax reforms of this Budget provide a better deal for the hard-working majority - a ladder of opportunity for those who want to work their way up... a fundamental guarantee that work will pay.

Our reforms in national insurance will give employers an overall tax cut of £1.5bn and employees an overall tax cut on work of £2.5bn - an average of £130 per year per employee.

This April, as I implement the report by Martin Taylor, I am abolishing the perverse tax on work, the entry fee every employee has to pay simply to be part of the national insurance system.

From this tax cut on work worth over £1.4bn a year, every one of 20 million employees will gain £69 a year. Over two financial years, I will further align the starting point with that of income tax so that no one will have to pay either national insurance or income tax for the first £37 of their weekly earnings. From this tax cut on work worth £1.8bn a year, every employee will gain £90 a year. From April 2001 therefore, the lower limit for employees, self-employed and employers' national insurance will be harmonised at £37 a week.

As with the lower earnings limit which is rising faster than inflation, the upper limit will rise to £575 and to complete our reforms we will also align employers' national insurance and income tax in the treatment of benefits in kind.



The new income tax structure will this year be 10p, 23p and 40p. And income tax allowances, income limits and tax thresholds will rise as usual in line with inflation.

The tax rates on savings will remain unchanged. So this is a Budget with a 10p starting rate of income tax, a 10p long term rate for capital gains tax.

The maximum small business

I also propose to extend to the self-employed, national insurance rights to the full maternity allowance. Again, to implement the recommendations of the Taylor report, we will align national insurance arrangements for the self-employed closer to those of employees, reducing the unfair entry fee from £5.35 a week to £2, and setting the class four threshold at the same point as the personal income tax allowance.

But I will set contributions at... 7 per cent in contrast with the 10 per cent employees pay. Two hundred and thirty thousand young people are already benefiting from the New Deal. Now we must bring in those young unemployed who, for whatever reason, have yet to join. I say to them, this will be our New Deal for 1999: better provision but tougher conditions. Our responsibility is to offer training and intensive coaching. In return their responsibility is to come into the New Deal, get the skills and prepare to take up a job.

To help lone parents make the transition into jobs, benefits will continue when they first start work. For them and others, the working families tax credit will make work pay more than benefits. Every working family will be guaranteed a minimum income, to be introduced in October not at the previously announced rate of £190 a week but at £200 a week, more than £10,000 a year. No income tax will be paid until earnings reach £235 a week. This is a tax cut available to 1.4 million families helping 3 million children. I now propose that over time we extend this principle.

The old tax system set a personal allowance that failed to ensure that work paid, and also made thousands pay tax even as they were forced to claim benefits... targeted tax cuts and credits. No one who is in work should, in future, have to go to the benefits office to receive a living income.

We start in this Budget with a minimum income guarantee. A new deal, for over 50s returning to work. Nearly 30 per cent of men over 50 are outside the labour force, twice as many as 20 years ago. We need their talents. For those unemployed for six months or more, we will create a new employment credit which will guarantee a minimum income of £3,000 a year, for their first year back in full-time work.

Successive governments have lowered mortgage tax relief from 40 per cent to 10 per cent of interest costs and frozen the limits at the first £30,000 of a mortgage. Today the allowance is worth an average of £2.50 a week. In the last year mortgage rates have come down significantly and I now recognise that there is a consensus across this House to complete the phasing out of Miras. As we do so we will ensure that families are better off.

We said in our manifesto that we would introduce a 10p starting rate of income tax for individuals when it was prudent to do so. It will take effect in April 1999, a 10p starting rate on the first £1,500 of income, the lowest starting rate of tax since 1962. People will see it in their pay packets in May. Nearly 2 million people will see their income tax bills cut in half, and take home 90 pence of every pound they earn.

The new income tax structure will this year be 10p, 23p and 40p. And income tax allowances, income limits and tax thresholds will rise as usual in line with inflation.

The tax rates on savings will remain unchanged. So this is a Budget with a 10p starting rate of income tax, a 10p long term rate for capital gains tax.

The maximum small business

tax is now down to 20p and corporate tax for big companies down to 30p. The tax cuts I have made today are tax cuts for a purpose, tax cuts that encourage work and make work pay; that help all middle and lower income families, tax cuts for the many and not just the few and at the best time for the economy.

I can confirm that the share of tax in national income will fall next year. And the tax burden on the typical family with children will fall below 20 per cent for the first time in 20 years.

## PUBLIC SERVICES

ON TOP of the £40bn extra we are already investing in education and health, we will today allocate increased resources for our key public services.

We are allocating an additional £170m for crime prevention in areas where crime is highest. The Home Secretary will make a detailed statement to the House. For public transport, in addition to the rural transport fund, we will make a further allocation to be announced by the Deputy Prime Minister.

For Northern Ireland, today we allocate additional capital spending of £50m, for Wales of £80m, for Scotland of £165m.

The £19bn extra we are already providing for education will finance smaller class sizes, more nursery education, better pay for better teachers, our drive to improve literacy and numeracy - and we will help 700,000 more young people to go on to further and higher education. But, so that every child will have that chance, we need specific and targeted help for our inner-city schools. For upgrading their technology, the Secretary of State for Education will receive an additional £100m.

We are able this month to make another extra and larger allocation for



school books: £2,000 to every school in every constituency in every part of the country, immediate new resources of £60m for a total of 10 million new books in all.

I turn to the NHS: £21bn extra money is making possible the largest hospital building programme since the war: a £1bn investment in modern technology in the health service; the recruitment of 7,000 new doctors; 15,000 more nurses; and a fair pay award for nurses.

The Government's new programme, NHS Direct, is a proven success. And later this week the Secretary of State for Health will announce detailed proposals not only to extend it to all of the country by the end of next year, but to carry NHS Direct right into communities - with a network of health centres and drop-in centres where people can get immediate advice about treatment.

To enhance in every part of the United Kingdom the health care that people most urgently require we today make an additional and immediate cash allocation, to be spent in the next 12 months, for the upgrading of every single accident and emergency unit which needs it.

For this and other improvements which the Secretaries of State for Health, and Scotland, Wales, and Northern Ireland will announce, I am providing for the NHS almost half a billion pounds of extra investment today. Throughout the public services, more than a £1bn of additional new investment, on top of the £2bn I have allocated to families and pensioners.

I have a final announcement. We promised to get inflation and interest rates under control, to sort out the public finances, to make this the Government of economic competence and we have. We promised to invest billions more in health and education and we have. We promised we would cut youth unemployment and we have.

And I can confirm to the House that, while rebuilding our public services, our prudence in office also enables us to hold to our pledge made at the election not to raise the basic rate of income tax.

In fact, to reward work and ensure working families are better off, I will match the new 10p starting rate of income tax this April with a cut from next April in the basic rate of income tax to 22p, the lowest basic rate of tax for 70 years - and under this government.

Today's Budget is a better deal for work, a better deal for the family, a better deal for business - for a Britain now united around values of fairness and enterprise, and I commend this Budget not just to the House but to the country.



# Washing away the Opposition with a little Tax-and-Go

THE CHANCELLOR prides himself on his far-sighted prudence when it comes to the national finances. When it comes to reading matter, though, he needs things a little nearer to home. As he readied himself to give his Budget speech yesterday he heaved two thick green-bound volumes on to the dispatch box.

For a moment it looked terrifyingly as if his speech might run into next week, but then he laid a slimmer sheaf of papers on top. The books were merely a plinth, it turned out, not the text itself. Could he elevate the spirits of Labour MPs as easily, though?

The year alone allowed Mr

Brown a large leeway to turn up the epic high style: he later promised that there would be "no tax rise on alcohol this side of the millennium", which sounds like an aeon of intoxication but actually means only 10 months, and he had begun his speech on an equally grandiose note. With "the last Budget of the twentieth century", he said, he would leave behind the sterile old conflict between governments of the left and right.

Just as some shampoo manufacturers promise you cleansing power and conditioner in one bottle, the Chancellor was proposing an all-in-one deal. One can almost imagine the next party political

broadcast. What? Take two parties into the next century when one will do? Not me. I use New Labour's Tax-and-Go.

And he felt confident enough about what he had to offer to Labour backbenchers to begin with wealth creation rather than social fairness. First of all he announced a variety of measures designed to encourage small business and discourage those Tories who had thought that he might be vulnerable on this issue. Indeed Mr Brown was positively teasing in his performance - playing with expectations in a way that echoed the successful misdirection over the right to roam announcement.

## THE SKETCH



THOMAS  
SUTCLIFFE

Tories cast down by the revelation that corporation tax was to be further decreased thought they had their first glimpse of light when the Chancellor turned to his levy on

the business use of energy. Mr Brown allowed the weight of this new burden on business to rest deliciously on their consciences for a moment. Then, just as they were stumbling upright, he bowled them over again. "These increases will be revenue neutral!" he declared triumphantly, announcing a cut in national insurance to offset the new burden.

Labour MPs crowded at the sly post-script, which became the model for all of the Chancellor's succeeding announcements. He allowed Tory hopes to rise only so that the fall would be more painful.

He was at his most feline when he came to the much-expected in-

roduction of a 10p rate of tax. Given that this could be introduced only when it was prudent, he said solemnly, it will not start in April 2000. Labour backbenchers sagged and Tories perked up.

And then, after a pause of malicious perfection, Mr Brown delivered the kicker: "It is prudent for taxpayers to get the benefit now!" Labour MPs waved their order papers with an unforced glee. It was hard to know what they relished more - the delivery of another Labour promise or the manner in which it had been rubbed into the Opposition's face.

A lone Tory voice ventured a desperate kamikaze attack - "Is that

it?" it said, generating a great gasp from replete Labour backbenchers. It wasn't, because Mr Brown had one last afterthought, a promise that the basic rate of income tax would come down next year by a penny in the pound and the cue for a happy tumult from the Labour benches.

By the end of his speech he appeared to have taken from nobody and given to all - and all that Mr Hague could do was call in question this apparently magical levitation. He did pretty well in the circumstances but after a performance of such caty brio he couldn't help but come across as the mouse that roared.

## Hague says taxes forced up by stealth

### OPPOSITION REACTION

WILLIAM HAGUE, in his response to the Budget, accused Gordon Brown of being the "pickpocket Chancellor", claiming he was forcing up taxes by stealth.

While Mr Brown had distributed a "few little goodies", he had already levied additional taxes of £1,500 for every taxpayer in the country in the current year.

Opening the Budget debate, Mr Hague attacked the Chancellor for "persecuting motorists" and having failed to mention the decline in the savings ratio altogether.

"He is the pickpocket Chancellor, who shakes your hand with a smile after he has stealthily removed your wallet."

While Mr Hague welcomed measures such as the reduction in the standard rate of income tax, he said Mr Brown had passed over "more quickly"

£5.4bn, earlier decisions on the married couple's allowance of £1bn, increases in petrol duty of £1.4bn.

The tax burden had been raised by £5bn in Mr Brown's first year as Chancellor and £7.9bn in his second.

Mr Hague scorned the Chancellor's claim that the Budget was good for families, saying: "It is good for families who don't have a mortgage, who aren't married, who don't run a car, who don't smoke, who don't save for a pension."

"For a family like that it's fine! There may even be a family like that somewhere in the country. Sounds suspiciously like you, to me!"

Mr Hague said any "seemingly nondescript sentence" within today's Budget could mean "a clobbering for people anywhere in the country."

"You are not only an expert on stealth taxes, you are an expert on giving a stealth speech. As we already know, this is a government that says one thing and does another, that takes a pound and gives a few pennies back, that cannot be trusted to be straight, even on Budget Day."

Behind the statistics of an economic slowdown, there were families under pressure, businesses struggling in a manufacturing sector, which were further hit by the Chancellor's announcements.

While Mr Hague welcomed reduced tax rates for cars with low-emission engines, he attacked petrol-duty increases, adding: "The Government have taken their persecution of the motorist too far and their damage to the haulage industry too far."

He went on: "Few people will be aware that after today's budget about 85 per cent of the price of petrol will be in tax."

Accusing the Chancellor of "missing opportunities" in the Budget, the Tory leader told Mr Brown his attempts to increase taxes by stealth would be uncovered by people in the "real world. You should have been attacking the forest of regulation that is strangling business, but you didn't."

"You should have given a clear signal that the tax system will support marriage, but you didn't. You should have cut fuel



William Hague (left), who derided Gordon Brown as the 'pickpocket Chancellor', and Paddy Ashdown, who detected a certain plagiarism



## Acclaim from Labour ranks

### BACKBENCH REACTION

REACTION FROM Labour MPs in the lobbies was forthright. Some, highly critical of the Government in the past, said they were proud of Mr Brown's measures as they left the chamber.

"What a week," said Alice Mahon, a left-wing Labour MP. "First the rambles and right-to-roam, then Michael Howard going, and then this Budget. It's like Christmas."

The increases in pensions and the fuel bonus of £100 to help pensioners' winter heating bills were seen as the most popular of the Chancellor's giveaways. MPs who had found it difficult to defend the Government's record in their constituencies said they were looking forward to going home. "It shows Gordon Brown has listened to the party. It's a very redistributive Budget," said another Labour left-winger.

One source close to the Treasury team said the Chancellor had paid for the £4bn giveaway by keeping to tough spending limits in the first two years. "It's payback week," she said. Ministers as well as humble backbenchers were stunned by the number of surprises in the Budget package.

"We were sitting there wondering what he was going to do next. It was one bonus after another," said a ministerial aide.

Nigel Griffiths, the former trade and industry minister, said: "It's Gordon showing that the compassion that drew him into the Labour Party shines as bright as ever."

As the Chancellor announced the 10p rate of tax and a 1p cut in the basic rate to 22p, a senior minister leant across to his colleague and said that William Hague might as well go home. "What can he say? He can wave the white flag and say 'I'm joining the Labour Party'."

As the Tory leader replied by accusing the Government of putting up the tax burden, Labour MPs went off to the tea-rooms to celebrate. Ann Keen, a former community nurse and now ministerial aide to Frank Dobson, the Health Secretary, was delighted by the additional spending for hospital accident and emergency units, which would help to tackle the logjams for patients.

"This Budget recognises for the first time that there is a link between poverty and ill-health. It's a Budget for children and for families. It will go down very well in our constituencies," she said. Labour MPs said the Budget was the foundation for victory at the next election.

COLIN BROWN  
Chief Political Correspondent



Derek Foster: Said he would be 'torn to pieces'

the scrapping of the 20p tax band.

He told the Chancellor: "You didn't say the total tax burden as a result of your cumulative decisions is going to rise next year."

"You didn't say what is the truth, that, as a result of your decision in three budgets, this is the third year running in which we will have higher taxes because of the decisions of this Government."

"It would not have been apparent from your speech that you have already announced in previous budgets tax increases for the coming year which add up to £7.2bn."

"Taxes on pension funds of

costs for the road-haulage industry, but you didn't."

"Instead of raising taxes by stealth you should have started to introduce some honesty into the tax system, but you didn't. You should have tackled the runaway welfare spending, but you didn't. You should have set out a programme to lower the tax burden but he is continuing to increase the tax

burden on all of those issues. You had the opportunity to act and you have failed to do so," Mr Hague said.

His concerns were echoed by Paddy Ashdown, the Liberal Democrat leader, who said the Chancellor could have done "big things" in the Budget but had decided instead "to follow a scatter-gun approach and do a number of smaller things". Mr

Brown had mounted a "selective smash-and-grab raid" on Liberal Democrat ideas, but the Budget did less than it could have done to tackle poverty.

Over this Parliament the Government would have invested less in health and education than the Tories originally intended, he added. "If I sound grumpy it is because I frankly admit it is extremely frustrating to hear someone else singing snatches of our song but doing it so completely out of tune."

Derek Foster, Labour MP for Bishop Auckland, said he would be "torn to pieces" by his mainly rural constituents over the increase in petrol taxes. Accusing the Government of neglecting the rural areas, he told Mr Brown: "It is the working poor

that I care about. The rich in the rural areas can care about themselves. You cannot make work pay if you price the working poor out of their cars, because we do not have buses, we do not have trains. All they have got to get to work is their cars ... we are not making work pay; we are doing the opposite."

SARAH SCHAEFER  
Political Reporter

## Red Gordon and the Iron Chancellor sit happily together

"REDISTRIBUTION BY stealth" is a phrase that entered the Treasury lexicon in the run-up to the Budget. Although the slogan was not intended for public use, it will enter the political bloodstream.

Such talk does not go down well in Tony Blair's inner circle, which would prefer that Gordon Brown stuck to his City image as the "Iron Chancellor" rather than playing his role as "Red Gordon" in front of the Labour Party gallery.

Yesterday's Mr Brown sought to play both parts at once but Mr Blair was happy enough. He calculated that next year's surprise 1p off the basic rate of tax, plus the 10p bottom rate, which starts next month,

would be the best antidote to the Tory attack on Labour's "stealth taxes".

William Hague is convinced the voters will rumble the Chancellor once the initial gloss of yesterday's package wears off. But Mr Brown and Mr Blair believe their trump is that the pain they inflict on the well-off will be alleviated by falling interest rates, which have saved the homeowner £900 a year on average mortgage payments.

Mr Blair paid a generous tribute when the Cabinet was given a preview of the Budget, describing it as "radical and imaginative". Indeed, Mr Blair believes Mr Brown has not got full credit for his stewardship of

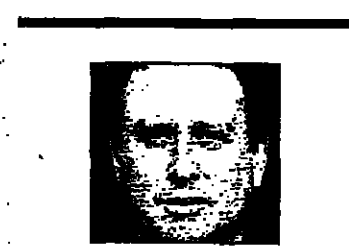
the economy. Mr Blair thinks the Chancellor has laid such firm foundations that it will be difficult for the Tories to dent Labour's reputation for economic competence before the next general election.

The ecstatic reception from Labour MPs last night will also have cheered Mr Brown.

"Gordon wants to get the credit with the Labour Party because he is still desperate to be leader," one minister close to Mr Blair said.

Mr Brown is probably the most powerful Chancellor we have had for a long time, yet even his friends admit he can seem remarkably insecure.

His enemies attribute this to his



ANDREW  
GRICE

thwarted ambition in 1994, when John Smith died and Mr Blair, the junior partner in the Brown-Blair axis, inherited the crown.

The Chancellor is stubborn. He

does not like to change course, or admit he has been proved wrong. He ploughed on with his working families tax credit - even when alarm bells rang in 10 Downing Street about the cost.

Mr Brown saw no need for last month's high-profile statement by Mr Blair unveiling the national changeover plan to prepare Britain for the single currency. The two men have reversed roles on the euro; Mr Brown used to be more gung-ho, and Mr Blair more cautious. "He just wants to get on with running the economy now; the euro is a bit of a distraction," said one Labour ally.

Mr Brown has had an unhappy

few months. The death of his father, which hit him hard, was followed quickly over Christmas by the resignation of two of his inner circle, the Treasury minister Geoffrey Robinson and Charlie Whelan, his press secretary, in the crisis which also claimed the scalp of Peter Mandelson, a friend turned foe of Mr Brown.

But allies insist the Chancellor has recovered from the setbacks, and that his girlfriend, Sarah Macaulay, has been a "rock" during the troubled times. "He is relaxed and enjoying life again," said one ally on the Labour back benches.

Despite Mr Blair's praise, the tension between their camps re-

main barely beneath the surface. One Blairite said: "It was worth losing Peter Mandelson in order to get rid of Charlie Whelan, because Peter will come back and Charlie won't."

The Blairites sometimes wonder whether the Chancellor has a fatal flaw stemming from his haunting fear that he will miss out on becoming prime minister. Mr Brown's supporters believe yesterday's clever package will enhance his prospects of winning the big prize. And yet Mr Blair no longer believes it is inevitable that Mr Brown will be the man who succeeds him.

ANDREW GRICE  
Political Editor



# Heads can buy 10m new schoolbooks

## EDUCATION

HEADTEACHERS WILL be able to buy 10 million books under a £60m drive to fill school libraries. Under the scheme announced by the Chancellor yesterday every school in England will be given £2,000 - Scotland, Wales and Northern Ireland all hold their own education budgets.

Gordon Brown also promised increased investment in school buildings, on top of the £190m for education already announced as part of the Government's comprehensive spending review last year.

Universities received extra

funds, too. Mr Brown announced a £100m increase in spending on university science laboratories and a 30 per cent increase in the University Challenge Fund, which was set up to encourage academics to develop the commercial potential of their research.

David Blunkett, the Secretary of State for Education, said the extra spending on books "will be a big boost to school libraries in the National Year of Reading. It will be a very valuable extra resource for teachers and pupils across England."

Teachers' leaders immediately welcomed the extra cash, an echo of last year's spring windfall, which gave all English schools £1,000 for textbooks. Doug McAvoy, general secretary of the National Union of Teachers, said: "The investment in books will help reduce some of the shortfalls, particularly in primary schools." He also said the continued investment in our school buildings would help to rid the country of crumbling schools.

Graham Lane, who chairs the Local Government Association's education committee, said: "The book allowance will

be very welcome, particularly in small primary schools in rural areas. It will almost double their book allowance at a time when they might have had to cut it right back to pay for teachers' pay rises." He also particularly welcomed the extra £100m for computers for inner city schools.

But Don Foster, the Liberal Democrat education spokesman, accused the Government of being "limited and timid."

The welcome extra cash for books will not compensate schools for last month's poor local government settlement. Despite the Budget, teachers' jobs will still be lost and many school budgets cut, he said. Announcing additional funding for universities, Mr Brown said that he wanted to "transform British inventions into British-made products". He announced a 30 per cent increase in the £65m budget for the University Challenge Fund, and said there would also be

£20m start-up funding through-out the country to ensure the necessary flow of finance into high-risk companies. Academics welcomed the extra support for science research. David Trieman, general secretary of the Association of University Teachers, said: "Decades of funding cuts had shackled our research. This announcement is a real boost to recovery."

Ministers committed themselves last July to spending £150m on schools, colleges and universities over the next three years, the biggest single investment in education. They will spend £2.9bn extra in the first year, £6.6bn in the second and £9.7bn in the third to honour the Prime Minister's promise to spend more of the nation's wealth on education.

The money will help to fulfil a government pledge to bring infant class sizes down to a maximum of 30 by 2001. There will be funds to raise standards in schools through daily literacy and numeracy hours in primary schools and training for all teachers on the best way to teach the basics.

Capital spending on schools will double over the course of this Parliament - more than a million children are still taught in classrooms built before the First World War.

Students numbers will rise by 500,000 from the present 5 million in full-and part-time study. Most of the extra students will be in further education colleges.

Overall, the proportion of national wealth spent on education will rise to 3 per cent by 2001-02, compared with 4.9 per cent in 1996-97.

BEN RUSSELL AND JUDITH JUD

## £430m will help rebuild crumbling hospitals

### THE NHS

THE CRUMBLING buildings and Victorian ward blocks of the NHS persuaded the Chancellor to open his wallet for the second time in less than a year. He announced an extra £430m to smarten up accident and emergency departments and improve GP surgeries.

The sum, to be paid over three years, is in addition to the 50 per cent increase in capital investment in NHS buildings and equipment announced as part of the comprehensive spending review in July. On that occasion Gordon Brown said half the beds in NHS hospitals were in accommodation built before the First World War and three-quarters of ward blocks were hand-me-downs as he announced a 66 per cent increase in the Treasury's contribution, from £1.2bn to almost £2bn over the three years.

Yesterday he topped that increase with an additional £120m for the UK next year, representing the first instalment of the £430m. However, this time the cash is to be spent on the NHS's two front doors - casualty departments and GP surgeries. The money will be used to "upgrade every single accident and emergency department which needs it in every part of the country", Mr Brown said. That follows hard on the heels of the £20m allocated by the Department of Health for the same purpose only last month.

It will also be used - although how the £120m was to be divided was unclear last night - to upgrade GP surgeries, some of which have not come far since they were described 20 years ago by a former health secretary as "like gangsters' huts under the railway arches".

The NHS Confederation, representing health authorities and trusts, said the boost to capital spending represented a 10 per cent increase in the contribution from the Treasury

(the rest coming from the private sector via the Private Finance Initiative).

Stephen Thornton, chief executive, said: "This is pretty good and we are very pleased. My only hesitation is - why A&E departments? The NHS has suffered a huge backlog of maintenance for more than a decade. We do have a major problem of capital maintenance. We are still operating out of Victorian institutions, which is pretty surprising in a modern economy."

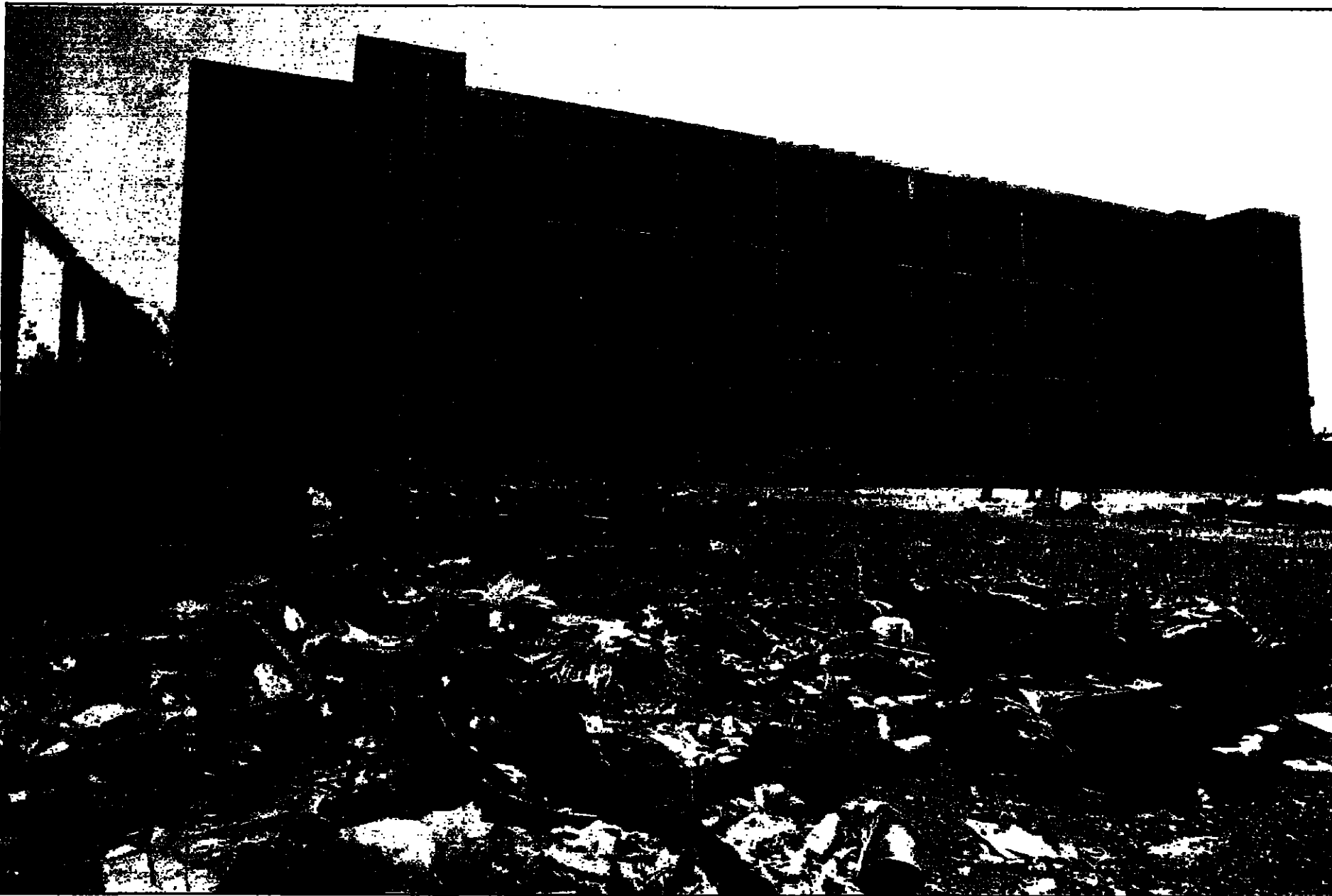
He said concentrating on the NHS's front door was a reasonable priority for the Chancellor to choose but it might not accord with local wishes. "First impressions are important and the physical quality of some of our A&E departments is pretty appalling. Let's have more capital but let's give more discretion to local people to decide how it is spent."

The British Medical Association welcomed the extra spending on hospital buildings. Mac Armstrong, secretary, said: "We saw A&E departments stretched to the limit this winter. Modernising our facilities will improve services... should defuse the tensions which result when patients wait for hours in unsatisfactory conditions and relieve stress on doctors and nurses."

The Chancellor gave notice that the Health Department plans to build on the success of NHS Direct, the 24-hour helpline, which is being rolled out to the whole country by the end of next year.

Later this week Frank Dobson, Secretary of State for Health, is to give details of plans to "carry NHS Direct right into communities - with a network of health centres and drop-in centres where people can get immediate advice about treatment", Mr Brown said.

JEREMY LAURANCE  
Health Editor



Nechells housing estate in Birmingham. The Budget directs more resources at crime-prevention measures on problem estates and policing 'hot spot' zones

## More closed-circuit cameras to lead blitz against crime on troubled estates

### LAW AND ORDER

AN EXTRA £170m will provide thousands of surveillance cameras and new crime prevention measures on problem housing estates and policing "hot spot" zones.

The decision to fund more closed-circuit television camera systems linked to police stations continues the Government's love affair with CCTV, which has been credited with reducing crime rates in city centres and on council estates.

About £85m will be spent on new CCTV systems, enough to buy 20,000 cameras. As well as crime-ridden estates and shopping centres, cameras will be fitted in car parks in an attempt to help the Government meet its pledge to reduce vehicle crime by 90 per cent in the next five years.

The Home Office said the money amounted to nearly £30m a year for CCTV schemes - compared with £15m spent between 1997-98.

A Home Office spokesman said: "CCTV has proved to be a useful deterrent to criminals and prevents crime. It is also a useful tool to the police for investigating crime and it leads to safer and more reliable con-

ditions. There are dozens of examples of where CCTV has proved to work."

The widespread use of CCTV, however, is not without its critics, with some criminologists arguing that the devices merely displace crime to unmonitored nearby areas. Civil liberty groups have also raised concerns about a "big brother" society.

Partnerships of local authorities and police forces will be invited to bid for a share of the money, which will be placed in a "challenge fund" to support both big and small local initiatives.

The Chancellor said that the Government would be allocating money for crime prevention "in areas where crime is highest".

More details of how the funds will be allocated are due to be announced by Jack Straw, the Home Secretary, later this month.

The £170m is in addition to £250m already pledged to help the country's 30 worst crime areas, which will be identified next month. Police officers will

target the areas, and special anti-burglary measures, such as better security, will be installed.

A Tory spokesman said despite the extra money for crime prevention the number of police officers had continued to fall under the Labour government.

"This isn't going to alter that at all. Effective law and order policies rely on an effective police force," he said.

The Association of Chief Police Officers welcomed the extra funds.

JASON BENNETTO  
Crime Correspondent

## Film-makers delighted by tax breaks

### THE ARTS

THE GOVERNMENT has extended its scheme of tax breaks for new films made in Britain until 2002.

The scheme for 100 per cent tax write-off on production bills was announced in 1997 and was extended last year until 2000. Yesterday's announcement adds a further two years.

Without changing the details of the scheme, it does show the Government's continuing commitment to expanding and strengthening the British film industry. It was also the only arts measure announced in the Budget.

The £20m tax breaks scheme allows the production costs of British films with budgets of £15m or less to be written off when the film is completed.

The film industry asked for the measure so that it could plan ahead. The details of the scheme were put forward to the

Government by its film policy review group.

Janet Anderson, the Films minister, yesterday welcomed the Chancellor's extension of the scheme which she said was now proven to encourage investment.

"This will give a boost to the British film industry and is in addition to the £145m my department [Culture, Media and Sport] is spending on film in the next three years," she said.

The definition of what constitutes a British film will soon be adjusted to take account of the growing number of international co-productions that bring investment to Britain.

A British Film Institute spokeswoman said last night: "The BFI welcomes any initiative which helps to foster and expand the range of new film production in the UK."

The tax breaks for British films were introduced as part



British films can build on the success of 'The Full Monty' with further tax breaks

of a strategy by Chris Smith, Secretary of State for Culture, Media and Sport, to increase the number of films made in Britain and to double the percentage of the audience watching British films. The Government also wanted to

put a brake on film-makers shooting in Ireland, where tax incentives have long been on offer.

The tax breaks scheme has made raising funds for British films a lot easier. Mr Smith has described the scheme as "a

really significant step in getting more British films made, and in attracting more overseas film-makers here to use our facilities and our craftsmen and actors, who are the best in the world."

DAVID LISTER  
Arts News Editor

## Scotland is winner in devolution handout

### THE REGIONS

NORTHERN IRELAND, Scotland and Wales were all given substantial sums for capital investment as the Chancellor sent them off to devolution with a flourish.

Scotland was the biggest winner, with £165m for key commitments to modernise health and education and cut crime across the country. Donald Dewar, the Secretary of State for Scotland, announced that £37m of the money would be directed to National Health Service buildings, equipment and new technology.

Mr Dewar added that education would receive an extra £44m over the next three years to develop computer tuition and provide schools with new books. The cash will be spent on an information and communications technology network linking all schools and other learning centres. To back up the new technology, £5.4m will be targeted specifically on books, the equivalent of £6 for every pupil in Scotland.

An additional £13m over the

next three years will be directed to councils, police and other agencies to tackle Scotland's drug abuse problems and domestic violence.

"Today's announcement, together with last year's Budget, will benefit Scottish pupils, parents and pensioners by almost £20m, giving real help to those who need it most," Mr Dewar said.

Wales will get £80m in extra capital spending, again with the emphasis on health, education and crime prevention.

Alun Michael, the Secretary of State for Wales, said that the Budget was worth more than £1bn for Wales. "The Budget is a real boost for Wales. It fulfils the Government's promise to the Welsh people to make work pay, to support families and to provide extra money for public services," he said.

Northern Ireland will benefit from its own £50m modernisation fund aimed at bolstering the normality of the peace process.

Mo Mowlam, the Secretary

of State for Northern Ireland, said that the cash would deliver major improvements in the province's vital services. "The extra money will be used to invest in innovative capital projects at the heart of the Government's priorities," she said.

Accident and emergency services and primary health care, computerised learning centres and local police forces will all receive new funds.

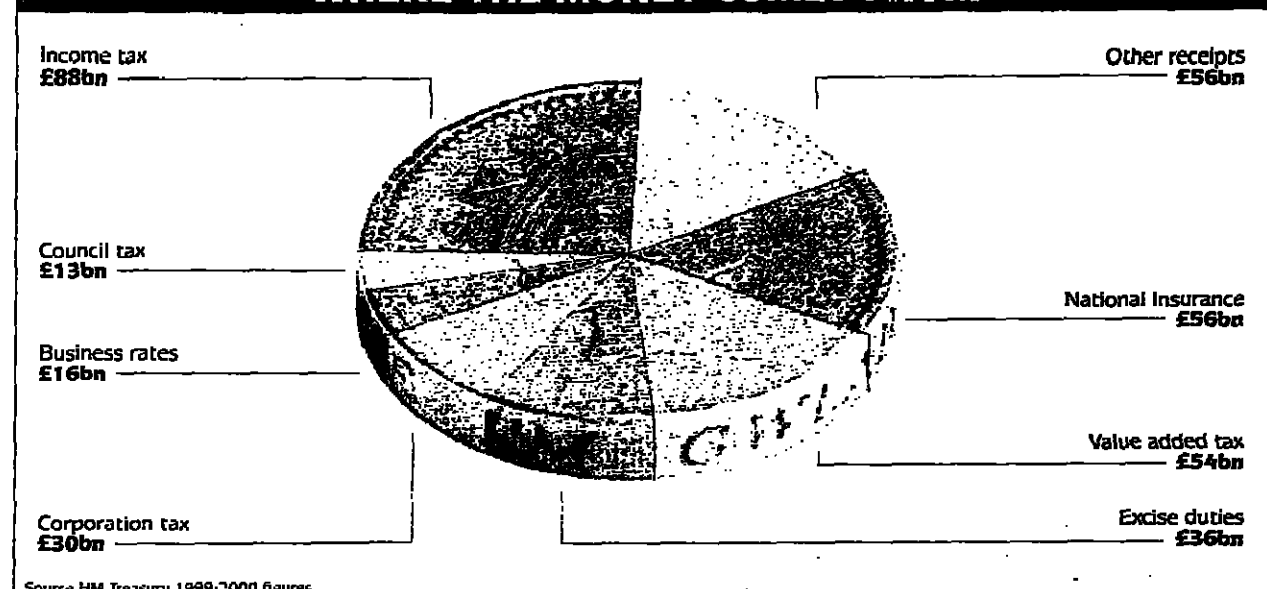
This year will be the last for which Westminster will have such detailed control over the spending of the three countries since the Welsh Assembly and Scottish Parliament start work in May and the Northern Ireland Assembly assumes its powers later in the year.

The Government hopes that the Belfast Assembly will be up and running by the summer, but the continuing deadlock over decommissioning of weapons means that the start-up date is uncertain.

PAUL WAUGH  
Political Correspondent

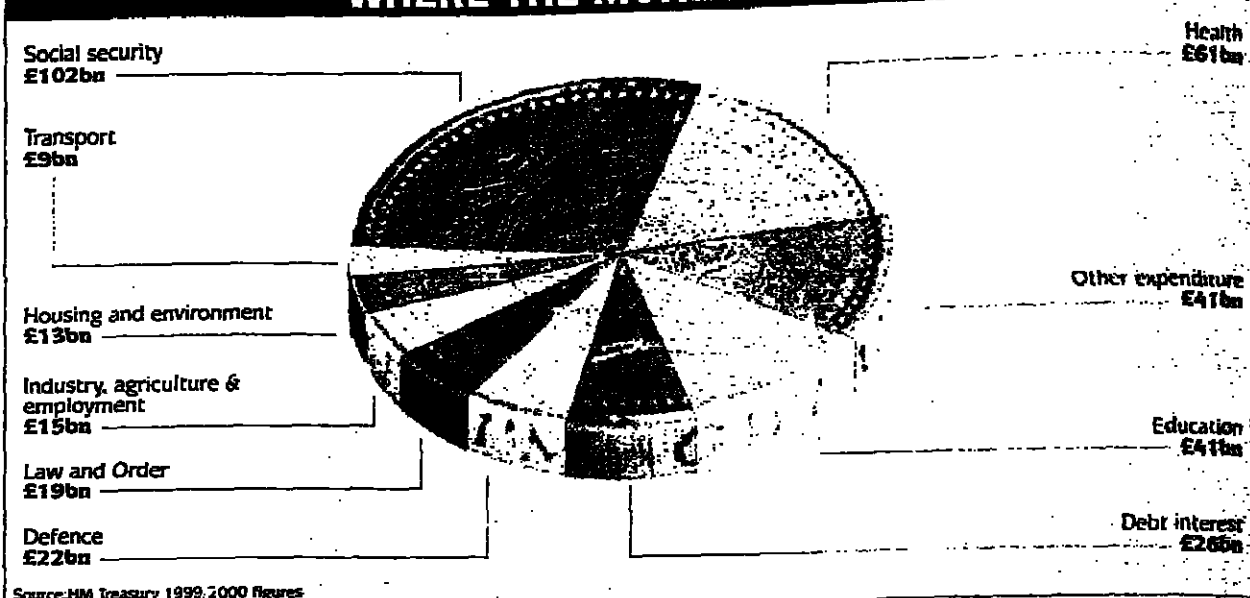
# Brown's modest giveaway no threat to sound financial management

WHERE THE MONEY COMES FROM



Source: HM Treasury 1999-2000 figures

WHERE THE MONEY GOES TO



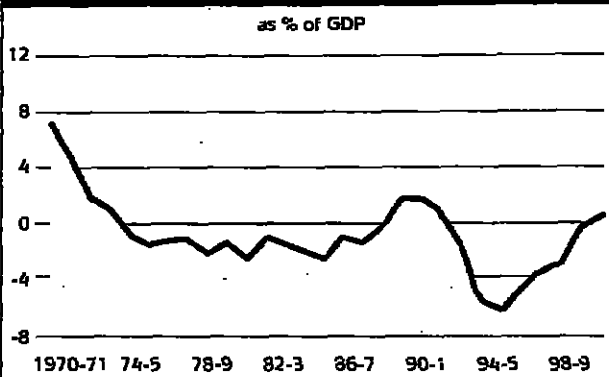
Source: HM Treasury 1999-2000 figures

THE BUDGET ARITHMETIC

E billion	Outturn 97-98	Forecast 98-99	Forecast 99-00
Current receipts	315.7	334.2	335
Current expenditure	304.3	313.5	329
Depreciation	14.0	14.6	15
Surplus on current budget*	-5.1	4.1	2
Net investment	4.0	3.4	5
Public sector net borrowing*	9.1	-1.0	3
Public sector net borrowing as % of GDP*	1.1	-0.1	0.3

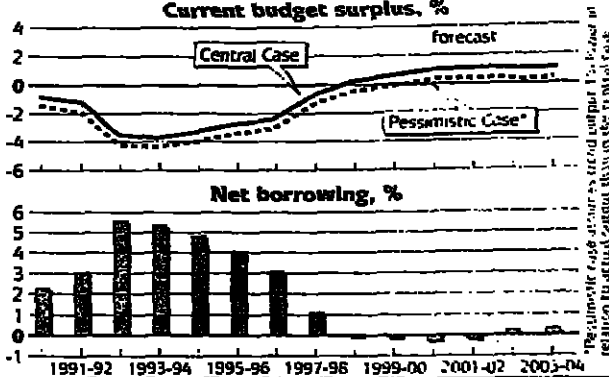
\*Excluding windfall tax receipts and associated spending

PUBLIC SECTOR BORROWING REQUIREMENT



PUBLIC FINANCES

CYCLICALLY ADJUSTED BUDGET BALANCES



For the first time, too, social security spending forecasts are based on an assumption derived from outside forecasts that unemployment will rise slightly. If growth is closer to the 0.5 per cent average of other forecasts, it could throw out the current budget figure by another £2bn or so this year. But as this would be due to the economic downturn, it would fall within the "over a business cycle" definition of the rule and could be recouped later.

Even if the Treasury's forecasts do fall victim to slow growth or to the other uncertainties that can so easily hit tax and spending, the public finances are undoubtedly on a much sounder footing than at any time in recent memory. The City gives the Chancellor full credit for this.

"The big investors have a lot of trust in Gordon Brown. If he were to leave the Treasury for any reason, that trust would change," said David Owen, an economist at Dresdner Kleinwort Benson.

For a Labour Chancellor to have won over anybody in the financial markets at the same time as winning plaudits for tax cuts and redistribution is an achievement that would have seemed impossible just a few years ago.

DIANE COYLE  
Economics Editor

## Chancellor stands by upbeat view on growth

### ECONOMIC FORECASTS

GORDON BROWN yesterday reaffirmed the controversial growth forecasts he made in November, predicting that Britain would suffer a mild economic slowdown this year before bouncing back strongly next year.

According to the Chancellor, the UK will grow at between one and 1.5 per cent this year - more than forecast by both the City and the Bank of England - and at between 2.25 and 2.75 per cent next year. In 2001, the economy will expand by as much as 3.25 per cent, he said, considerably faster than its long-term trend rate.

Independent economists were divided over Mr Brown's forecasts. Many argued that the Bank of England's recent string of aggressive interest-rate cuts made it more likely that he would hit his growth targets.

"His forecasts don't seem out of line with reality," said Ian Stewart, UK economist at Merrill Lynch. Others noted that recent signs of economic improvement - such as Monday's news of a rise in manufacturing output - seemed to support Mr Brown's optimism.

Other analysts, however, called the Government's forecasts unrealistic. Even the Treasury's most pessimistic estimate for 1999 growth - one per cent - is almost double the consensus City forecast of 0.6 per cent. It is also at the top end of the Bank of England's expectations. In its last economic forecast in February, the Bank predicted 1999 growth would slow to between 0.5 and one per cent.

Mark Wall of Deutsche Bank, which is among the most pessimistic of City forecasters, said: "He may be selling the

public short by offering these figures. To get one per cent growth out of this economy would be miraculous."

Mr Wall believes that growth will stall this year and that the economy will suffer a short recession in the first six months of 1999 before bouncing back in the final quarter of the year.

In common with many other forecasters, the Chancellor believes that net trade will con-

tinue to drag down economic growth and that the outlook remains tough for Britain's manufacturers.

Yesterday's forecasts contain substantial downward revisions to predictions for both export growth and manufacturing output.

Mr Brown now believes that manufacturing will contract by between minus one and minus 1.5 per cent this year, before recovering in 2000. In November, his range was between minus 0.25 and 0.25 per cent.

Exports are now forecast to grow at between 0.25 and 0.75 per cent, compared with between 2.75 and 3.25 per cent in November. As a result, the UK's current-account deficit is set to soar to £10 billion in 1999, according to this latest forecast. The Government said: "Net trade and hence manufacturing output were weaker than expected in the fourth quarter of 1998."

Michael Saunders, UK econ-

omist at Salomon Smith Barney/Citibank, said: "If anything, the risks to export growth are on the downside. We had such a weak performance last year that it seems reasonable for exports to remain soft."

Also in common with other forecasters, the Chancellor believes that recent rises in business inventories present a significant downside risk to growth. The latest Treasury predictions are that the running down of company stocks will knock as much as 0.25 per cent from economic growth both in 1999 and in 2000.

Mr Wall at Deutsche commented: "Most of the growth in the fourth quarter of 1998 came from stocks and investment. We have a stock overhang problem. Companies will have to run down stocks before production can really pick up again."

Where Mr Brown is far more optimistic than almost every other forecaster is in the areas



The Treasury's most pessimistic estimate for 1999 growth - 1 per cent - is almost double the City forecast

of household consumption, investment and government spending. Substantial upward revisions to his forecasts in all these areas have allowed the Chancellor to reaffirm his aggregate predictions for economic growth, despite the deterioration in both net trade and manufacturing.

On household consumption, the Chancellor is predicting a growth rate of between two and 2.5 per cent this year, compared with the City consensus of 1.5 per cent. On fixed investment, Mr Brown is arguing that the growth rate will be between two and 2.5 per cent this year - more than double the

City consensus. Few independent forecasters found themselves able to agree with this.

Mr Saunders at Salomon Smith Barney/Citibank said: "Survey evidence suggests that the overall growth rate of business investment will slow sharply this year and may well turn negative, although the growth rate of government capital expenditure is likely to increase sharply."

On government expenditure, Mr Brown was again more upbeat than independent forecasters, although he, of course, had the benefit of inside knowledge. The Treasury is predicting government spending will

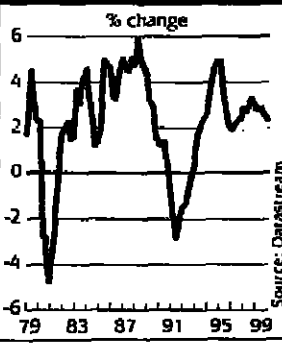
grow by three per cent this year and by 2.25 per cent in 2000.

"General government investment is expected to contribute around 0.25 percentage points to gross domestic product growth in each of the next three years," the Treasury said. There were fewer surprises in the Chancellor's inflation forecast. Mr Brown predicted that the underlying rate of inflation would hit his 2.5 per cent target in both 1999 and 2000, although, as in November, he admitted there was a possibility of inflation undershooting target at some point this year.

The Chancellor told Parliament yesterday: "We took de-

LEA PATTERSON

GDP GROWTH





# Changes too cautious, say companies

## ENTERPRISE MEASURES

GORDON BROWN promised a set of reforms which would create "a new enterprise economy for all". Yet, while the measures he announced received a guarded welcome from entrepreneurs and venture capitalists, some felt the Chancellor had been overly cautious.

"The direction is right, but the impetus should be much stronger," said Ronald Cohen, chairman of high-tech venture capitalists Apex and a member of a Department of Trade and Industry committee which is looking at encouraging young technology companies.

David Svendsen, the UK chairman of Microsoft, the software giant, said the measures announced by the Chancellor "get Britain started on the path to the enterprise economy".

The move to stimulate high-tech companies will allow smaller firms to lure experienced managers from larger firms by offering them large packages of share options.

The Government does not plan to publish the details until today. However, the broad outline is to allow small companies to offer equity worth up to £100,000 to executives without incurring income tax. The previous ceiling was £30,000.

"It's a very good idea," said David Stroud, managing director of sparesfinder.com, an Internet-based company which helps firms find spare parts around the world. "If I want a good sales guy how am I going to lure him out of his nice es-

tablished sales job? If I can offer him some equity he might think differently about it."

Venture capital groups, which have lobbied heavily for the move, also approved the initiative, although they had argued for the Chancellor to adopt a ceiling of £250,000.

"It should make a significant difference in recruiting what is a relatively small number of people into a relatively small number of jobs," said Jonathan Clarke, an executive with Cliven and chairman of the British Venture Capital Association's taxation committee.

The Government also plans to introduce a new tax break that will encourage large firms with spare capital to invest in innovative smaller companies. Once again, the details will not be published until today, but the move is likely to allow large firms to write off some or all of the investment they make in smaller companies against tax.

The principle is well-established in the United States, where large high-tech firms, such as Microsoft and Intel, regularly provide backing to former employees who leave to start up their own companies.

"A large company that has got a vested interest in a small company's growth can offer some advice and mentoring rather than trying to smother the small guy because he's a threat," said Mr Stroud.

But other observers pointed out that large firms have traditionally been very bad at

backing start-up companies, and have tended to fund bad businesses or strangle them in excessive bureaucracy.

Venture capitalists welcomed plans to make £20m available for high-tech venture capital investment in small companies. The cash, which will be awarded through a competition to lever in cash from the private sector, is expected to be targeted at small firms requiring a relatively small amount of funding.

Treasury research has shown that the venture capital industry consistently fails companies that need cash injections of £250,000 or less.

Another source of funding for small companies will come from a new capital gains tax relief which will encourage serial entrepreneurs and investors in Enterprise Investment Scheme companies. It will allow investors to carry their capital gains tax relief made on one investment over to another company. The move builds on last year's reform of CGT, by which the tax rate gradually declines depending on how long the investment is held.

However, observers said the Chancellor would not be able to create the large technology businesses of tomorrow with tax breaks. "If they have a good idea people will go and do it anyway," said Mr Stroud. "What we really need is less of the Government giving its money away and more structural incentives."

PETER THAL LARSON

# Tax credits to help pay for research

## INNOVATION FUNDING

A MAJOR theme of the Chancellor's speech was the need for British companies to innovate. "Scientific innovation is a prime catalyst of growth," he said, raising the prospect of "a winners' circle of innovation" where British firms would not only invent new products but also take responsibility for their development and manufacture.

To support this vision, the Government announced a series of specific measures designed to encourage companies to develop new products and services. As with a raft of other measures, however, the details of the new policies would not be published until today.

For example, the Chancellor announced a plan to give to start-up and small businesses through a research and development (R&D) tax credit, which would underwrite a third of their research and development costs.

The tax credit, to be introduced in the Finance Bill next year, will reduce the after-tax cost of R&D for tax-paying companies by 12.5 per cent.

Andrew Bell, a high-tech specialist with the accountancy firm PricewaterhouseCoop-

ers, pointed out that start-up companies that were investing heavily in R&D - biotechnology firms for example - were unlikely to be making any profits against which they could offset their tax credits.

For these companies, the credit will reduce the immediate cash cost of R&D by 24 per cent. In return for this tax credit payment, such companies will no longer be able to carry forward their R&D costs to offset against future profits.

But entrepreneurs pointed out that not many small businesses could afford to invest heavily in R&D unless they had specifically raised money to do so.

And the costs of many start-ups - such as the new Internet businesses bursting on to the scene - are more likely to be marketing and market research costs rather than pure R&D.

"If you're an Internet company, most of your costs are service," said David Stroud, managing director of sparesfinder.com, an Internet start-up. "If you're doing actual research you've got to be quite large."

The Chancellor also introduced several measures to

stimulate R&D in universities. The Government is spending an extra £100 million on the joint infrastructure fund, the challenge fund that is jointly funded by the Government and the Wellcome Trust.

The additional funding will come from the Higher Education Funding Council of England. The JIF will renew the capital base of science, with up-to-date laboratories and equipment.

Meanwhile, an additional £15 million will be added to University Challenge - a fund designed to commercialise university science - taking the fund's value to £65 million.

Small firms will also get help from a new small business service, which will offer support and advice to companies that need help in complying with existing regulations.

The service, which will be recruiting a high-profile chief executive, will offer practical help to companies - an automated payroll service for example - while offering loan guarantees. Small firms filing their tax returns electronically will also receive a tax incentive.

PETER THAL LARSON

## CASE STUDY: THE HI-TECH COMPANY



Martin Stevens of Unimatic welcomes the Budget's help for hi-tech companies

Tom Craig

# We'll invest more, says risk-taker at cutting edge

MARTIN STEVENS is one of the "risk-taking" entrepreneurs Gordon Brown wants to help. Mr Stevens, 47, is the managing director of Unimatic, a maker of high-precision motion equipment.

Based in north London, the family-run company is one of the small high-technology firms that yesterday's Budget is seeking to support.

Unimatic supplies manufacturers with engineering products. Its products are used by a wide-range of companies in the automotive, nuclear, aerospace, semiconductor and electronics industries - for example in the robots that help to assemble cars.

Unimatic is also involved in a 50:50 joint venture with Uni-

versity College London to develop and market a machine that polishes high-tech optical lenses. They plan to seek venture capital backing to help them to develop and market the product.

Mr Stevens' firm employs 30 people and most of its sales are in the UK and Ireland. The company turns over about £4m a year, with profits of around £500,000. As such it will benefit from yesterday's decision to introduce a starting corporation tax rate of 10 per cent for firms with profits of less than £50,000. Mr Stevens welcomed the decision.

"Last year we paid 21p [in the pound] and the new rate is a substantial reduction that will enable us to keep more money in the business to fund

future growth," he said. He was also pleased with Gordon Brown's decision to earmark £225m to renew an allowance on the first 40 per cent write-off of capital expenditure.

"Given the nature of our business, we are very reliant on manufacturers' capital expenditure. The renewal of the 40 per cent allowance is a relief although I would have liked 100 per cent. It will also have a beneficial impact on our capital expenditure. Last year we spent £150,000 and the decision makes it more likely that we will invest more this year," he said.

The £150m tax credit for research and development expenditure will help Mr Stevens' venture with UCL. "The R&D expenditure to

launch the lens-polishing machine has been phenomenal. We have spent £300,000 in the first year. It is a big-risk, high-cost investment and anything that encourages R&D is welcome," he said.

Mr Stevens' optical start-up could also be boosted by the £20m grant to high-tech venture capital funds.

Mr Stevens commented that the enterprise management scheme, which allows tax-free equity of up to £100,000, will help him to keep key staff.

"It will be of great value to us," he said. "Our companies are entrepreneurial and we need to make sure that we keep our valuable people to maintain our growth pattern."

FRANCESCO GUERRERA

# Burden eased for mobile users

## PHONES

IT WAS Norman Lamont, the Tory Chancellor, who, in the 1991 Budget, imposed a tax on what he considered a growing menace: mobile phones.

Apparently annoyed by so-called yuppies shouting noisily into their mobiles, he gleefully announced he was going to tax them.

As a result, any individual provided with a mobile phone by an employer has been taxed.

Yesterday, the Chancellor announced he was scrapping the tax charge as of 6 April, removing "the unwelcome record-keeping and reporting burden on employers".

It is estimated this will benefit up to 350,000 individuals and will be worth £80 to people on the higher tax code and £46 to those on the standard rate.

The decision removes the difficulty faced by both employers and employees in trying to work out which calls were for business and which were for pleasure.

Under the old guidelines, employees could escape liability if they made no private use of the phone or reimbursed the full cost of such calls.

According to details in yesterday's Budget documents: "That imposed further unwelcome compliance burdens on employees and employers."

The move is, perhaps, also a recognition that, since 1991, mobile phones have increasingly become less of a luxury for the wealthy and more of an important tool for work and business.

Neither companies nor individuals will have to do anything to fall in line with the new arrangements, which will cost the Government about £25m a year. From May, Pay As You Earn codes will be altered to remove the tax charge.

It was also announced yesterday that telecommunication companies looking to buy licences to operate third-generation mobile phone services will receive tax relief.

It is expected that, by the end of the financial year, an auction will have been held for a series of licences that will operate for 20 years.

Tax relief will be spread over the life of the licence and will be legislated in 2000. The measure is designed to ensure consistent tax treatment for mobile communication services.

ANDREW BUNCOMBE



Norman Lamont: original proposer of phones tax

# Mixed welcome for tax plans

## CORPORATE TAXES

THE CHANCELLOR'S announcement of a 10p starting rate for small companies was hailed as a signal of the Government's intention to encourage enterprise.

But companies and their advisers gave a mixed reaction to the plans.

Mr Brown said the reduction of the main corporation tax from the present 31 per cent to 30 per cent from April - announced in last November's pre-Budget - gave Britain not only its lowest corporation tax in record, but the lowest in the world.

And reduction of the small companies' rate to 20 per cent - also announced in the pre-Budget statement - would benefit 350,000 companies.

But advisers stressed that the measures were piecemeal,

one describing them as "fiddling". The 40 per cent capital allowances for small and medium-sized businesses amounted to an extension of an existing policy.

Introduction of a 10 per cent starting rate for small companies was seen as a helpful addition to the measures aimed at boosting enterprise.

Mr Brown said 85 per cent of the firms benefiting from this new rate would have fewer than 10 employees.

But accountants said the 10 per cent rate applied only to companies making annual prof-

its of up to £10,000. There was a taper up to the £50,000-point, at which the 20 per cent rate would apply. Yet Nicholas Woolf, tax partner with accountants Arthur Andersen, said: "A good Budget for small and start-up businesses and their employees. Welcome stability for big business."

Advisers to family businesses were relieved that the Chancellor had not taken action on inheritance tax, an important factor when businesses are passed down the generations, and that capital gains tax had not been made more compli-

cated. In addition, the proposal for tax credits for investment in research and development - put at 34 per cent for non-tax paying companies - were likely to prove a useful incentive.

The most important issue for big business was that the spectre of a general anti-avoidance rule designed to make it harder for companies to establish tax-planning arrangements had disappeared, for the present. Accountants said the plans were likely to complicate and disrupt commerce.

Large companies were concerned that the cut in the employer's national insurance contribution from 12.2 per cent to 11.7 per cent would not sufficiently offset the cost increase of introducing an energy tax when both became effective in April 2001.

CITY REACTION PAGE 13

## The Index-Tracking PEP

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## Well-meaning, but gimmicks don't help entrepreneurs

JUDGING BY the "enterprise" word count in yesterday's Budget, this should have been a package of measures fair to make the businessman's heartbeat race with excitement. I counted eight uses of the word in the first four minutes of the speech alone. So was this the promised Budget for enterprise, a Budget that will allow Britain to "succeed in the new economy and lead in the new century"?

Not really, is probably the fairest judgement, although neither can the Chancellor be faulted for lack of enthusiasm. He went at it hammer and tongs, and what with all the stuff about electronic commerce, the Internet and building the high-tech companies of the future, at least he demonstrated in a breathless sort of way a willingness to try. Unfortunately, the substance fell a long way short of the rhetoric.

Let us start with the really negative bits. Gordon Brown was particularly disingenuous when presenting the intention to reduce national insurance contributions

as a tax cut for business. Sure, he will be cutting the level of employer contribution, but to a level which is higher than the one he inherited from the last government.

And for next tax year, the higher rate will rule, with the new lower level not kicking in until the next century. National insurance is a payroll tax, so it hits service industry employers, whose main cost is labour, particularly hard. Such companies will have difficulty taking advantage of the extra capital allowances for small to medium-sized companies announced in yesterday's Budget. This from a Chancellor who wants to encourage people-based Internet companies. Shame on you, Mr Brown.

The measures to encourage employee share ownership seem to be reasonable enough - buy one, get one free - and allowing employees to make such purchases out of gross income was an added bonus. However, for most earners it will continue to make more sense to top up the pension

scheme out of gross income than to take the risk of investing in the company they work for.

As for the enterprise management incentive scheme, this is just an ill-thought-out gimmick. Nobody is going to quit a highly paid job in a secure organisation and take a high-risk enterprise for this. The manager who does so will still be tax disadvantaged against the owner-proprietor, one of the many examples in this Budget of how Mr Brown's desire to please has served only to make matters more complex and confusing.

There are measures, for instance, to allow employees to take home their companies' cast-off personal computers without being taxed for them as if they were a benefit. What the Chancellor gives, he takes away again. Other benefits in kind will fall subject to national insurance for the first time.

As for the new 10 per cent corporation tax starting rate for companies earning profits of less than £50,000, this, on close inspection of



JEREMY WARNER

the documents, appears to be just an outright fib. In fact, the 10 per cent rate applies only to the first £10,000 of profit. The other cuts in the rate of corporation tax, to 20 and 30 per cent depending on size, do not even go half way to compensating for the extra tax and benefit burden that business will bear as a result of the already announced changes to the system of advance corporation tax.

It is an old, but important truism: governments do most for business simply by staying out of

its way. Unfortunately, very few politicians seem prepared to abide by this principle. Instead of dismantling the paraphernalia of law, regulation and state that stands in the way of the efficient operation of the free market, they seem only to want to add to it, certain in their conviction that by meddling they can somehow improve the lot of the small businessman and entrepreneur, as well as the wider prosperity of the economy.

There is no more passionate believer in the need to meddle than the present Chancellor of the Exchequer. Having in his first year at No 11 established some of the building blocks for a stable and prosperous economy - including an independently determined monetary policy and a rigid set of rules to keep the public finances on the straight and narrow - there came the question of what next.

Mr Brown proclaimed this task as that of tackling the productivity gap between the United Kingdom and its major competitors. He

wants to dismantle the cartels and promote competition, to modernise our workforce through training and education, and above all to promote high-tech small business and entrepreneurialism as the road to salvation.

Few people would contest the mission statement. The implementation is another matter altogether and it is hard to see how the meddling announced in yesterday's Budget is going to add much to the party.

On the other hand, the Chancellor continues to get it about right with the big numbers. There is a mild fiscal stimulus - amounting to £5bn over three years - with the whole of that benefit directed at the less well off. Perhaps surprisingly, Mr Brown does not appear to be hitting the better off to pay for this limited degree of wealth distribution.

The money is found courtesy of the present very healthy state of the public finances, as is the extra for government spending. To make

the figures add up, however, the Chancellor is being forced to make some very optimistic assumptions about the outlook for the economy.

So far he has been lucky on this front. Although the economy has not performed as well as hoped, the public finances have, with tax receipts coming in higher than expected and spending lower. As all former chancellors know, that kind of luck does not go on for ever.

Even so, there is no reason to start worrying unduly about the macro economy quite yet. The biggest gift that Mr Brown has so far bestowed on British business has nothing to do with the gimmicks of yesterday's Budget. Rather, it is in the stability that sound public finances and low inflation are at last bringing to the British economy.

Unfortunately for Mr Brown, for this to pay dividends in terms of the enterprise culture he strives for is going to take time, patience and a Government that stays out of everyone's hair.

## Plaudits for the handout that wasn't

### CITY REACTION

THE CHANCELLOR won plaudits in the City yesterday for a deft budget presentation which conveyed the impression that he was giving away more than he actually did.

Stephen Bell, chief economist at Deutsche Bank, said: "We are used to chancellors and finance ministers standing up and pretending to be prudent when they are being profligate. Gordon Brown has done the opposite and succeeded in appearing to be profligate when he is not."

He pointed out that, of the £4bn being given away in tax cuts, the vast majority is being clawed back elsewhere.

The real giveaway does not kick in until 2001 - the probable year of the next general election.

The headline figures showed £1bn being injected into the economy in 1999, with a further £1.4bn next year.

The City had generally expected this year's budget to be neutral or mildly expansionist overall and by all accounts that was what it got.

"It was a very good presentation," Mr Bell said, adding: "None of the cheap wisecracks, a clever use of quotations from the Opposition, and then coming back after he had apparently dealt with income tax with the 1p cut next year. It was the performance of a man who feels on top of his job."

The Chancellor's attempts to appear both generous and prudent at the same time did cause

some initial confusion in the City.

While the stock market rose, the gilt market saw some selling.

The FTSE 100 index closed up 28.9 points at 6,237.7, although, with the Chancellor still on his feet at 4.30pm, when the stock market closed, the full reaction will not be seen until share trading resumes today.

City observers said that the tax cuts, particularly for the lower-paid and middle-income families, would help to get reticent shoppers back into spending mood - good news for the hard-pressed retail sector and for consumer goods companies generally.

However, the water companies and BAA, the airports operator, saw their shares fall following the announcement that the new, tougher Office of Fair Trading is to investigate charges in those industries.

Mike Grimble, economist at Norwich Union, the insurance group, said: "It looks as though he has found a way to put a bit more into the economy, which is what you need - and there is a longer-term feel to it, too."

"There is enough in this to keep the economy ticking over. More money in the back pocket will help consumer confidence."

The supply-side measures were also seen as helpful, particularly the Chancellor's efforts to remove distortions in the tax and benefit system which discourage people from seeking

work. The doubts centred mainly on Mr Brown's decision to stick to his earlier forecasts of 1-1.5 per cent growth this year accelerating to 2.25-2.75 per cent in 2000, which are still more optimistic than City consensus.

The Chancellor's apparent largesse also raised concern that the Bank of England may be less inclined to cut rates further as a result.

Some in the City would have liked the Chancellor to have been sailing away more at this stage in case unemployment, which is currently at levels much lower than anyone expected at this stage, were to rise sharply again.

A big worry is the United States economy, which is still growing far faster than anyone expected but could easily turn down at any time.

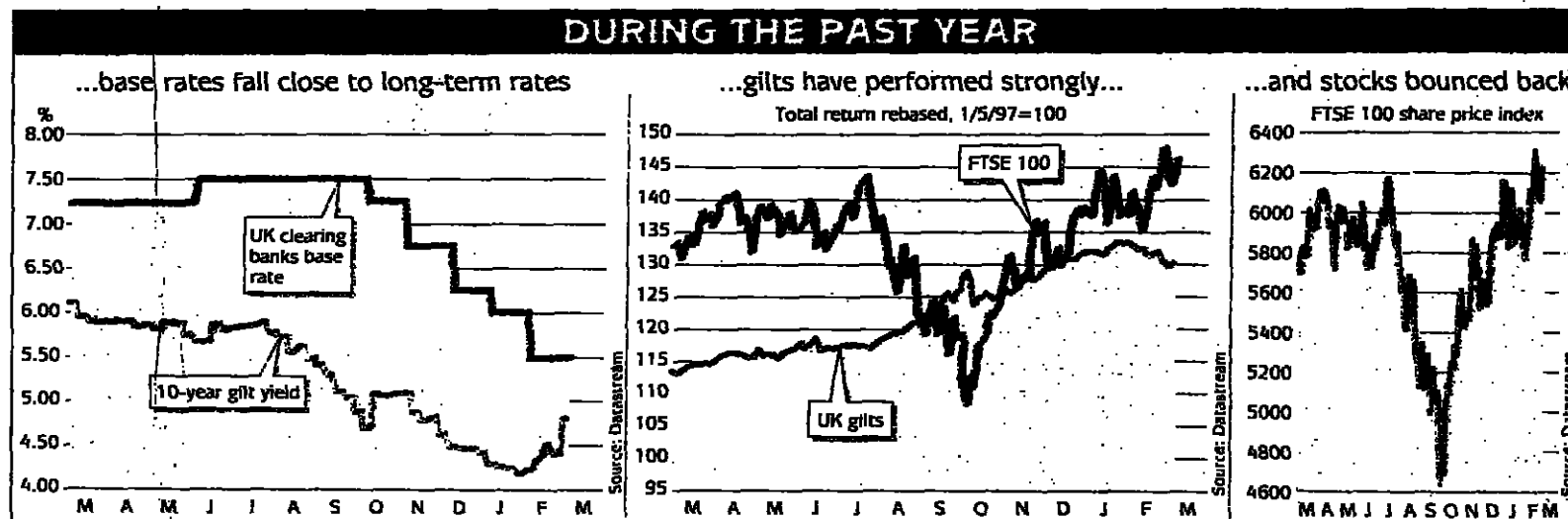
At BT Alex Brown, Bob Semple said: "These are quite perky growth forecasts. There may be some concern that if things are worse than expected public finances could end up in a tangle."

However, Paul Turnbull at Merrill Lynch argued that the Chancellor may not be sticking his neck out as much as many in the City think, even if interest rates do not come down by much from now on.

"We have growing evidence that the economy is recovering," he said, pointing out that most of the measures in the Budget were supply-side measures intended to improve long-



The Chancellor was still on his feet when the London Stock Exchange closed yesterday, but City reaction so far has been positive



term productivity. "Overall the budget should underpin the improving prospects for the economy," he said.

Many of the measures - particularly the introduction of the 10p rate of tax and the abolition

of mortgage interest rate relief - had been well trailed.

The City had expected various tax allowances to encourage innovation and research spending, and for small business, although the across-the-

board cut in both corporation tax and income tax came as a surprise.

There was relief too that the Government had recognised the need to ensure that the new energy tax did not

add to the overall burden of corporate taxation.

Robin Aspinall, at National Australia Bank, said: "It is difficult to point to anything which is going to hurt the economy. The equity market likes a bit of

live-now-pay-later. There is just a hint of the (Oskar) Lafontaine (Germany's Finance Minister) - it is our duty to support growth; a bit pinkish."

ANDREW GARFIELD  
Financial Editor

## New measures will help to stamp out serious fraud

### TAX AVOIDANCE

ACCOUNTANTS AND other tax experts warmly welcomed the Chancellor's decision not to proceed with a general anti-avoidance rule (GAAR) for corporate direct taxes, or a mini-GAAR for VAT on construction services. They had regarded the proposals issued by the Inland Revenue last autumn as likely to be highly disruptive to business.

However, a statement issued by the Inland Revenue and Customs & Excise after the

Chancellor sat down announced a package of measures aimed at "securing the tax base" that was expected to yield more than £1bn over three years and protect a further £3bn of future revenues.

In addition, it is intended that next year's Finance Bill will contain measures to modernise the Inland Revenue's powers for the criminal investigation of suspected serious tax fraud. In the meantime, draft clauses will be issued for consultation.

While accountants noted that Mr Brown regarded the GAAR approach as an option for the future if more specific legislation did not deter tax avoidance, they were encouraged by the appearance of two measures aimed at sophisticated large companies.

One stamps out the practice of avoiding capital gains taxation arising from the sale of a

subsidiary through paying a dividend, selling the company to an offshore subsidiary and then making the real "outside sale". This is expected to yield £130m a year.

The other stops companies avoiding UK tax on tax haven income by protecting it through passing a large UK dividend through the controlled foreign company. This is expected to

yield between £50m and £100m.

In addition, the Inland Revenue announced its intention to crack down on "one-man companies", or what it calls "personal service provision".

Noting that there has been concern about the hiring of individuals through their own service companies so they can exploit the tax advantages offered by corporates, it says it

will be discussing the practical application of such measures with a view to introducing legislation in April 2000.

Nicholas Woolf, tax partner with accountants Arthur Andersen, said that drawing the line between genuine self-employed contractors and those who are employees will be difficult for the Revenue - and that is the likely reason for the consultation.

There was also an attack on the practice designed to avoid the payment of stamp duty. Heberts, companies have been able to avoid paying stamp duty by travelling abroad, signing the documents and leaving them in the chosen country. Now, interest will arise if the documents are brought back into the country, for example, for a legal case. The Government also announced plans to modernise payments and penalties associated with stamp duty.

There will also be measures to counter VAT abuse through misuse of the capital goods scheme, timing the submission of returns to exploit the repayment supplement provisions and assigning debts to third parties to reduce the amount of VAT due or claiming too much bad debt relief.

ROGER TRAPP

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A prudent giveaway Budget - but it did not address sterling's strength, said the IoD

# A cautious welcome in the boardrooms

THE BUSINESS community broadly welcomed Gordon Brown's third Budget, praising its focus on enterprise. "Seven out of 10," said Ruth Lea, head of the policy unit at the Institute of Directors. "We're pleased - especially about the measures for small and medium-sized companies."

But executives worried about what the Chancellor did not say in particular his silence on two crucial problems facing industry - the high pound and the economic sluggishness of the country's key continental European trading partners.

"The Chancellor's Budget was based on an optimistic forecast for the economy going out three years," said Alan Armitage, chief economist of the Engineering Employers' Federation. "If that forecast turns out to be wrong, then everything the Chancellor said would be called into question."

Executives were surprised that the Budget was not fiscally neutral, as predicted, but con-

## BUSINESS REACTION

tained tax cuts worth £4bn. And they worried that the relative looseness of the Budget might hold back the Bank of England in its push to lower interest rates from their current 5.5 per cent level.

"The overall stance of the Chancellor was that it was a prudent give-away Budget," said Ms Lea. "If that's the case it could stop lower interest rates, and that would be bad."

Other executives noted that, despite the focus on enterprise, the Chancellor said nothing about cutting red tape. "We still have to live with the minimum wage," said Ms Lea. "We still have to live with restrictions on the working week imposed by Brussels."

Reaction was divided between big business, small and medium-sized businesses, and bodies representing the country's 4 million self-employed. Big business was relieved at

the absence of new taxes. "Large companies have had to digest tremendous structural change over the past 18 months," said David Cruickshank, London tax partner at accountants Deloitte & Touche. "They will be happy there's a breather."

Small and medium-sized businesses were most upbeat. "I'm very positive," said Mark Dixon, chief executive of Regus, the world's largest operator of business centres. "It seems the Chancellor wants to get the country into high competitive mode. It seems like he's getting the country in the right mode for the new millennium."

The Chancellor's focus on enterprise pleased Jonathan Clarke, a director of venture capital group Claven and a spokesman for the British Venture Capital Association. "We asked for tax breaks of £250,000 to facilitate moves by execu-

tives in major companies to small, high-risk start-ups," he said. "The Chancellor announced tax breaks worth £100,000. Still, that's definitely a step in the right direction."

Even small businesses found much to cheer. "The reduction in the lowest band of business tax from 20 to 10 per cent on profits of less than £50,000 will give a tremendous boost to small retailers, to the corner shop," said Pamela Webber, chief economist of the British Retail Consortium.

The sharpest criticism of the Budget came from representatives of the self-employed. "The Chancellor missed the target," said Ian Handford, chairman of the Federation of Small Businesses.

"The budget for the self-employed was a bit grim. Considering there are 4 million self-employed, and the sector is growing, this was a serious oversight," said Mr Handford.

PETER KOENIG

# Enterprise culture is given a mixed bag of sweeteners

ARTHUR ANDERSEN

"THE BUSINESS success stories of tomorrow need all the help the Government can give them today." So said the Confederation of British Industry in its pre-Budget submission. The Government has itself frequently talked about the need to encourage so-called serial entrepreneurs. What then, has the Chancellor delivered?

His speech suggested the best incentives in a generation, but closer inspection suggests a more mixed bag. Measures to create an environment encouraging enterprise and innovation on a tax-friendly basis are a key theme of this mid-term Budget. There are also strong links with the encouragement to individuals to gain personal technological skills and knowledge.

The range of measures is very wide, but the value of some is likely to be small. Whether they are sufficient to deliver an enterprise culture remains to be seen. The US lesson is that entrepreneurial success requires a combination of factors. Tax breaks have their place, but equally important is a willingness to embrace change, the availability of skilled managers and access to capital markets. The Government's role is to provide the enabling infrastructure, and this Budget goes further in its scope than merely the tax aspects.

The Budget announcements on research and development credits, enterprise management incentives and measures to encourage wider employee share ownership, combined with the new 10 per cent small companies rate of tax (only on the first £10,000 of profits, not the first £50,000), are the main planks of this support.

R&D credits are novel as they provide cash at 24 per cent of expenditure even in advance of profits, and 12.5 per cent for taxpayers, but not until 2000. With the extension for a year of higher first-year allowances at 40 per cent for SMEs (small and medium-sized enterprises), the immediate effect is to yield small amounts of cash flow relief to a fairly wide audience - spreading Mr Brown's bets. He is also focusing money on science in universities, with limited funds for high-tech start-ups. We await details eagerly.

The measures to promote share own-

ership are meant to encourage a rise in companies in which all employees have the chance to hold shares. It is clear that society cannot rely on a few Richard Bransons, and that successful companies need a skilled workforce equally motivated and engaged in growing the business.

There is no doubt that having an interest in a business is strongly motivating. The question has always been whether share incentives are the best way of delivering this, particularly in unquoted companies where there is neither a ready market for the shares nor a cultural appetite for widespread share ownership. But a start needs to be made, and it is easy to forget how wide share ownership has become since Sid in the early Eighties.

The detailed proposals on corporate venturing are the other piece of the puzzle designed to bring the resources of big business into the entrepreneurial marketplace. Again this concept has been drawn from the US. The possibilities here are an investment relief linked to the amount of the upfront investment and/or relief on exit. The Chancellor has chosen to delay publication of proposals, with implementation still planned for 2000.

Our research indicates that business would generally prefer a mechanism to allow both the investee and investing companies to make better use of start-up losses, and which would require only relatively minor reform of existing consortium and corporation tax reliefs. What the Chancellor has decided remains to be seen.

As with all these matters, however, the proof of the pudding will be in the eating. There is a danger that with so much reform in recent years, business appetite for change has been dulled, in particular if the price to pay is more legislation. As the Chancellor said, all businesses value stability and simplicity - entrepreneurs more than most abhor red tape. Unfortunately the Government/Inland Rev-

enue record here is less than perfect. The tax law initiative to draft legislation in clearer terms is proceeding at a snail's pace, and the initial payments on account regulations are just one example of draft legislation that brought uncertainty rather than clarity.

Clearly, many of the proposed reforms will involve quite detailed technical changes, often for small amounts. However, if these are to succeed they need to be implemented in the right spirit, which means the various enforcement authorities need to buy into the approach. It is positive to note that the ill-conceived general anti-avoidance rule appears to have been shelved in favour of a number of specific measures to counter avoidance in defined areas. We strongly opposed the rule, as did many others; in this case consultation has proved to be effective.

The reason we are all talking about the need to promote entrepreneurs is the expectation that at least some will succeed and promote higher growth. Many of the measures announced have been about encouraging investment and start-ups. The other end of the business cycle is equally important.

Serial entrepreneurs and share-owning employees alike need exit routes. Tax is a major cost in the entrepreneur's personal profit and loss account, and it is encouraging that with the extension of capital gains taper relief to serial Enterprise Investment Scheme (EIS) reinvestments, the nation's entrepreneurs should eventually come to pay tax at 10 per cent. In practice, they will do so only if they can comply with the restrictions on these tax reliefs. One still has to question whether the existing EIS regime is too complex and detailed.

Equally critical is the need for access to capital markets. Entrepreneurs, employees and investors all need liquidity to move on. Currently the smaller listed company market in the UK is relatively under-performing - something for the Chancellor to address next year perhaps. For the moment, however, a good Budget for business people and their employees.

David Spraul is head of corporate tax at accountants Arthur Andersen

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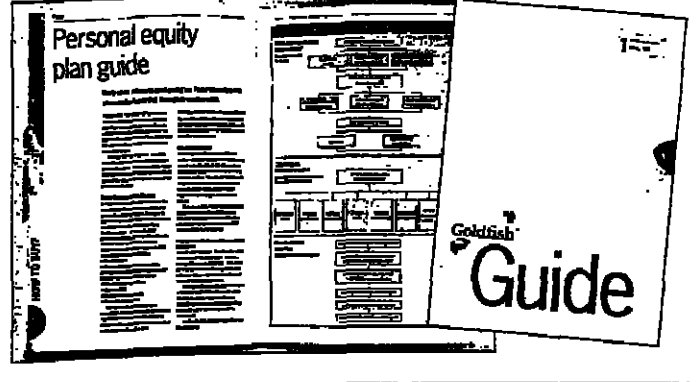
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MARKET LEADERS PICK THEIR MARKET LEADER

# Who is the economist with the sharpest eye in the Square Mile?

**Steven Bell**  
Chief UK economist  
Deutsche Bank

YOU NEED several qualities to stand out in the City. You require a distinctive view in financial markets and you have to outperform your fellow economists. It is important to be able to communicate your point; to market your view. But it is best not to go too far and become something of a sensationalist.

I am reminded of Frank Sinatra's view that success in showbiz is down to 95 per cent luck and 5 per cent talent - but don't bother trying if you haven't got the talent. For economists, it is important to have the talent, but the other 95 per cent is your firm and your marketing of yourself. Obviously you've got to be a brilliant economist, too.

I nominate Tim Congdon for his sheer intellectual honesty and the fact that he consistently makes good calls on the market. I cannot miss out Gavyn Davies, partly because he thinks the same way as me, but also because he is very good at applying solid economics to practical issues.

**Gavyn Davies**  
Chief international economist  
Goldman Sachs

EXCLUDING MY current colleagues, I would like to nominate David Morrison and Jeremy Hale, now at Paribas. Having long worked with both of them, I can attest to their outstanding talents. Another former colleague, Sushil Wadhvani, at Tudor Investment, is a superb economist who has written an outstanding - if pessimistic - study of the bull market in US stocks for the National Institute.

Also, on the buy side, I have always admired both Bill Martin of Phillips and Drew, and Michael Hughes of Barings.

Finally, how can we overlook the magnificent Mervyn King at the Bank of England, the toughest competitor that private sector City economists (fortunately) never had.

**Tim Congdon**  
Managing director  
Lombard Street Research

I AM particularly in sympathy with Paul Turnbull at Merrill Lynch and David Smith at Williams de Broe. Like Gordon Pepper in the 1970s, they recognise that the behaviour of the



Tim Congdon, managing director of Lombard Street Research: Economist most admired by his colleagues for his 'multifarious qualities'

Neville Eider

money supply is crucial to the economic outlook and have a good forecasting record to prove it.

Gavyn Davies is, of course, unique. Not only is he highly rated by the institutions, but he also has immense influence with the present Government. His work is always comprehensive, well-argued and intelligent, although I am not sure he has really understood the crucial role of money and banking in the economy.

**Michael Hughes**  
Director  
Barings Asset Management

There are people who work

well for the non-financial, non-City client; there are those who are ideal for the trading desk; and there are those whose work particularly suits the strategists, the fund managers.

For the client who is not enormously financially clued up, I would say that Roger Bootle is the perfect City economist thanks to his excellent communication skills.

For the traders, it is important that the economist is able to establish a fair value for the financial markets. Gavyn Davies and Tim Congdon are particularly good at this. For the fund-manager audience, their economist needs to have a very

good feel for and be a particularly good judge of the market. Tony Plummer at Guinness Flight Hambro is a fine example of this type of economist.

**Roger Bootle**  
Managing director  
Capital Economics

AN ECONOMIST I greatly admire is Tim Congdon of Lombard Street. His qualities are multifarious: he is original, forthright and completely unafraid of differing from the consensus.

If you are managing money, it is important to listen to a spread of independent ideas from people who are capable of

taking a radical view. My nominee fits into this category. He may get it wrong sometimes but, if I were managing money, I would want to listen to him.

**Bronwyn Curtis**  
Former chief economist  
Nomura International

I ADMIRE two or three economists for different reasons. There is Brian Reading at Lombard Street whom I admire for his thought-provoking idiosyncratic approach. He always comes up with interesting ideas. I do not agree with him on some things, though, particularly Europe. But he is always worth reading on

international financial issues. I also single out Richard Portes of the Centre for Economic Policy Research, who singlehandedly regenerated work on European and UK policy issues. He stands out because he is able to apply academic work to economic policy. Furthermore, he is interesting and useful to the decision makers.

**David Mackie**  
Vice-president, European  
economic analysis  
JP Morgan

IF I HAD to nominate two economists who stood out from the crowd, I would choose Martin Brookes of Goldman Sachs and

Tim Congdon of Lombard Street.

I choose Martin because he is bright, insightful and one of the more thoughtful economists I know. He likes to look at the bigger issues and long-term picture. As for Tim, he, too, is a man who engages in the wider picture. Equally important, his reports are interesting. Finally, enough, I rarely agree with him and I do not admire him ideologically but, as a City economist, he is worth reading.

**Marian Bell**  
Head of Treasury Research  
Royal Bank of Scotland

FIRST AND foremost a good

City economist must be a good economist. Lehman's have a good team, with global chief economist John Llewellyn and Russell Jones in Tokyo. I would also cite Gerard Lyons of DKB and James Stewart of Weaving Capital. Some economists can suffer from analysis paralysis and a failure to reach a conclusion. The City requires its economists to have a view. A strong framework to make sense of the world helps.

Tim Congdon at Lombard Street Research has been a leader in promoting the importance of the money supply as an indicator.

**Stephen Lewis**  
Chief economist  
Monument Derivatives

THERE ARE three City economists who stand out immediately. The first is Gerard Lyons who is quite a good economist who has steady judgement. Then I'd pick out Avinash Persaud from JP Morgan. He is a very fine communicator, which is essential for the economist.

A particularly valuable attribute is the ability to pick out key trends, and Peter Wann of Cazenove certainly has this.

**Adam Cole**  
UK economist  
HSBC

WELL, THE only true objective assessment of how competent an economist is would be the surveys of the client base, such as the Eitel and Reuters ones. They tend to be really ruthless measures of performance. But getting it right in terms of forecast numbers is not the end of the game. Really it's barely even the start.

For me, the places with the best City economist teams are Merrill Lynch and Dresdner Kleinwort Benson. These are the economists who rate consistently and solidly in the surveys. If I were to have to pick a team of economists I'd pick either Merrill Lynch's, led by Paul Turnbull, or DKB's, led by David Owen.

I pick DKB because everything they do, they do well. Their clients are immensely pleased with their work. Merrill Lynch stands out for the accessibility of the reports. They are easy to read and easy to digest.

INTERVIEWS BY  
SALLY CHATBERTON

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MY FAVOURITE RESTAURANT: JAMES DYSON

## Unpretentious food - by design

JAMES DYSON, the man whose bagless vacuum cleaner became a bestseller, names Blueprint Café as his favourite eatery - a fitting choice for an entrepreneurial designer.

Part of the Conran Group, Blueprint is located within London's Design Museum complex. For the past two years Mr Dyson has been a trustee of the museum, and its chairman since January.

But this, says Mr Dyson, is not why he nominates Blueprint. Rather, it is for "the amazing views of the Thames" it offers. "You sit on the second floor and there are these great big plateglass windows with stunning views of the river." And the reason that thrills him, he says, is sheer nostalgia.

In the late Sixties, Mr Dyson, now a multimillionaire and chairman of Dyson Appliances, designed a high-speed river landing craft, the Sea Truck. A spell in Blueprint brings back to him the industrial smells and frozen-mouth syndrome he experienced cruising up and down the Thames demonstrating and selling the craft.

Mr Dyson has visited the



Dyson: Blueprint Café has 'a buzz and bustle'

café about once a month for the past five years. "It has a bustle and a buzz and it's very relaxed," he says. He has dined there with his company's overseas distributors, "the odd City person" and Design Museum trustees. It is also a convenient family meeting spot, being between his own home in Chelsea and his son's in Islington.

He doubts whether the café's staff, mainly cheerful New Zealanders, know him, but he appreciates the way they pretend to and always feels welcomed. Although he

admits he rarely looks at his credit-card slip when he pays, he thinks a meal there "is very cheap".

He likes the café's "simple, but well-cooked unpretentious food", such as fresh fish and rocket salad. Thanks to the persuasive powers of the waiters, he nearly always chooses a New Zealand wine.

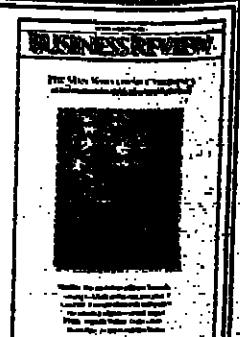
INTERVIEWED BY  
NAOMI MARKS

Blueprint Café, The Design Museum, Butler's Wharf, London SE1 (Tel 0171-378 7031)

THE INDEPENDENT

## BUSINESS REVIEW

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# Poor old Bill Gates just can't stop getting richer

HERE IS the question: if you were Bill Gates, the richest man on the planet, how would you organise your investments? Thanks to *Fortune*, the US business magazine, we now know most of the answers – and very instructive they are too. I think the question could usefully be set as a core question for financial advisers in their exams. (Below the one that goes: how much is a 3 per cent commission on this second-rate unit trust/endowment policy worth to me?)

We are talking big numbers here. Even though Bill Gates keeps selling stock in Microsoft, he cannot do it quickly enough to keep up with the explosive growth of the value of his remaining shareholding. His holding in Microsoft is down from 44 per cent to 18.5 per cent, but the incredible 59 per cent compound annual rate at which the

shares have grown since the firm went public 13 years ago means that his holding is now worth more than \$75 billion, and still rising.

Microsoft shares are up 50 per cent since the Justice Department started its antitrust case against the firm last year. Nothing, it seems, can stop the Microsoft juggernaut. Warren Buffett called the shares "the best performing endowment fund in the world".

Sensible fellow that he is, Gates is unloading his shares and giving them to charity. According to *Fortune*, he sells an average of 80,000 shares in Microsoft every day. He has set up two charitable foundations to dispense help to philanthropic causes: their assets amount to \$5.5bn. They have given away \$350m, more than most Fortune 500 companies earn in a year. And Gates has his personal investment

portfolio worth \$5bn – small beer compared with his Microsoft stock, but the kind of sum that still demands a modicum of attention.

So how does Michael Larson, the investment manager looking after the Gates billions, deal with all that money?

His strategy is fundamentally simple. Gates, having made his fortune, is no longer interested in securing their capital and a decent income than they are in creating huge capital gains. The watchwords here are risk minimisation, not maximising returns.

The biggest problem Gates has as an investor is to reduce the heavy concentration of his wealth in one single stock. In his words: "The money I have outside Microsoft is less than 10 per cent of



JONATHAN DAVIS

He sells 80,000 Microsoft shares a day but the darn things keep going up

the total. So we will sell stock periodically to get more diversity. It is the same strategy that most individual investors engage in." (Don't laugh: remember this is the United States, where wealth accumulation is not questioned as a desirable norm.)

Mr Larson has steered most of the Gates fortune into defensive investments. About 70 per cent of the Microsoft founder's personal investment portfolio is in government bonds, and short-dated ones at that. He also has some emerging market debt and some high yield bonds. The balance of the fund is split between private equity (50 per cent), property and oil (25 per cent) and a few shares Mr Larson expects to do well when and if Wall Street's love affair with technology stocks finally comes to an end (as it surely must). There are

wider lessons. One is that asset allocation – how much of your money you put into each type of asset – is where the real value in investment management is added. It is not (as most punters still think) in picking individual stocks.

Mr Larson's comments on the markets also make a lot of sense. His deadpan comment on Wall Street is that "the market is high right now and there is an awful lot of excitement about tech stocks". His bias towards short-term bonds is partly a reflection of his view that interest rates are trending higher – he expects another 1 per cent on long-term interest rates – and partly about as clear a statement a fund manager can make that he thinks the markets are overvalued.

Larson reckons the cycle in the market will turn soon. A trigger point will change the emphasis

from technology and today's other fashionable sectors. Agriculture he expects back, and the bombed-out oil sector looks interesting too. In my book, investors with even a modicum of appetite for risk should be positioning for a comeback in the oil sector this year.

But the central paradox remains. Bill Gates has the Midas touch. He just can't stop getting richer. For someone who says he will give away all his wealth by the time he dies, the hi-tech boom is a major obstacle that even all the efforts of one of the best fund managers in America cannot surmount.

Perhaps poor old Bill may actually have to turn to an independent financial adviser and start paying commission on a lot of expensive UK investment funds that don't really earn their corn. That should do the trick, if all else fails.

## Should you invest in... engineering?

ENGINEERING FIRMS have had a torrid time over the past two years, as a strong pound and high interest rates battered the export-led sector. But this does not mean investors should ignore these companies.

"We are reasonably positive about engineering stocks for the long-term," says Geoff Miller, head of research at Brewin Dolphin Securities. "We are actually looking for greater exposure to companies in these cyclical sectors."

But you have to be selective. Hugh Priestley, investment director at stockbrokers Rathbones, says: "It is a very disparate sector. There are lots of small companies looking for M&A activity and we have seen some bids."

"But investing on that basis is like playing the lottery. You might get lucky and find a company or two that might be bid for, but there is a high probability you will not."

Miller suggests investors concentrate on firms with identifiable product niches. "There are very solid businesses, such as GKN, Senior and Bodycote, that are generally supplying products that are being outsourced, particularly to the automotive industry," he says.

"This means such companies can continue to grow their businesses because the demand for their outsourced products is growing."

Vicky Wong, an analyst at stockbrokers Killik & Co, says: "The attractive stocks are the makers of niche products, such as Rolls-Royce engines."

"If they can establish such a niche, companies are in a winning situation because it means they have the best technology and are making products need-

BY KEIRON ROOT

ed by their customers. If not, they're in trouble. There's still a handful of small companies just producing traditional tools. Manufacturing is declining so there's no demand for these products."

"The problem is there are not many of these paragons around."

"Many companies are still suffering the aftermath of having multiple non-core businesses," adds Wong.

Priestley says: "There is a distinction between aerospace and defence companies and the rest of the sector."

"I have reservations over British Aerospace because of problems with its Saudi deal. But if the oil price recovers and payments are received on time British Aerospace will look a lot better."

Priestley sees this as a relatively resilient section of the market, but Vicky Wong is not so sure. "The problem for European companies in the defence sector is that defence budgets are being cut and most defence technology is based in the US," she says.

"In Europe, companies know they have to consolidate, but there is a lot of resistance to this because it would mean job losses."

Wong sees this consolidation process as a major factor across much of the engineering sector.

"It is still a good idea, in the long term, to put money behind a company like British Aerospace despite the rumours about the Saudis not paying up, because it is a company with a lot of political clout, which puts it in a strong position with regard to consolidation." The

same arguments apply in the automotive sector. "The engineers we are buying are companies such as the vehicle parts supplier, Mayflower, which is well run and is in all the right markets with the right products," Wong says.

"Component manufacturers need to have worldwide distribution and be able to supply a complete design solution, not just a few specialist parts."

Geoff Miller also feels some of the problems confronting exporters are overcome. "Companies such as Rolls-Royce, which the market always marks down when the currency goes against them, can be seriously undervalued as a result."

"If you look at the figures, you find that a strong pound doesn't necessarily affect their revenues. But you have to wait for the figures to be published to see that."

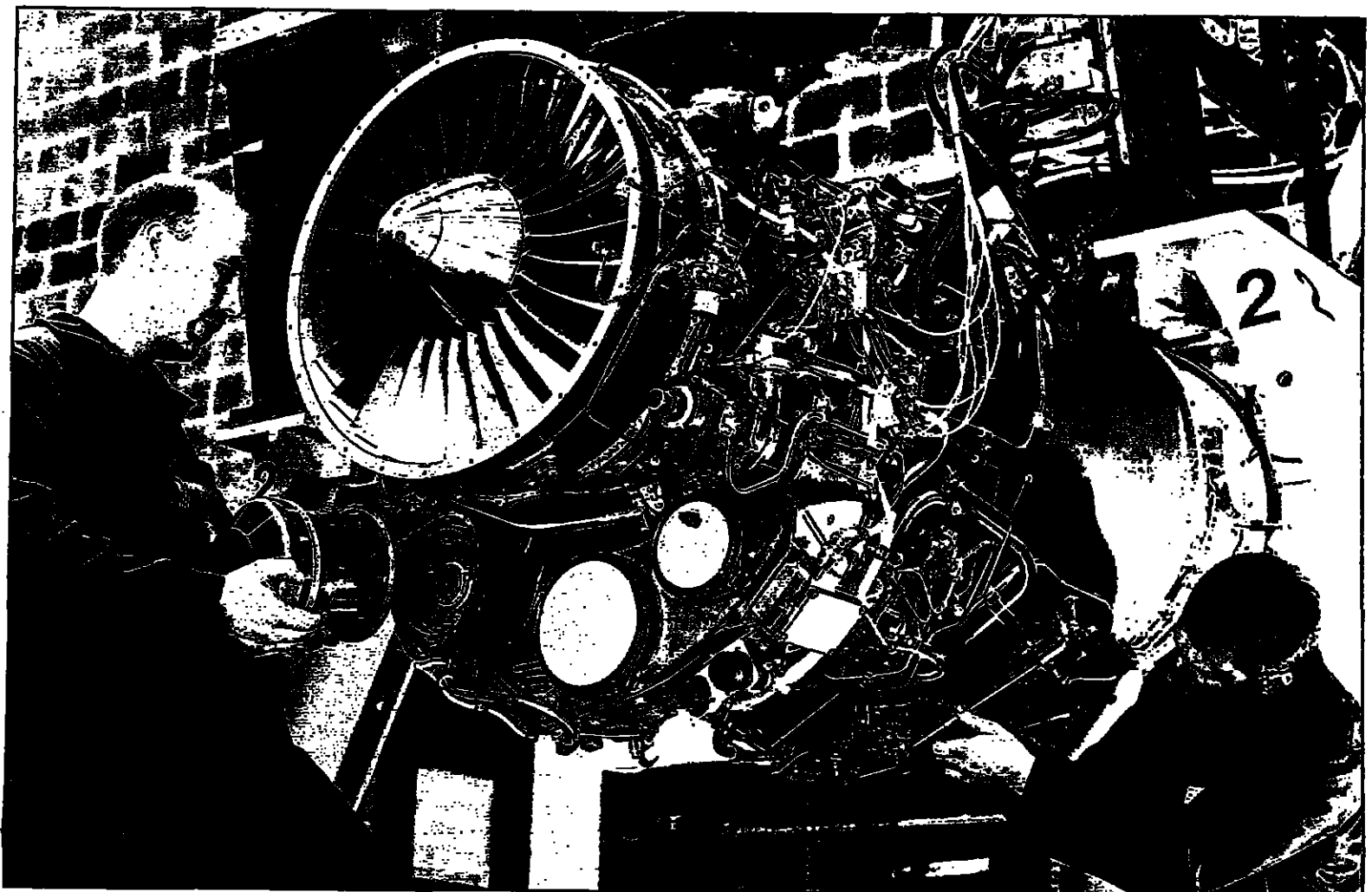
Hugh Priestley says: "We are quite keen on Rolls-Royce and Cobham in the sector."

"We are keen on any company which is a market leader in its field. Anybody looking at engineering stocks must look for market leaders. But even then it's easy to get it wrong."

He adds: "We thought Morgan Crucible was one because it does dominate in a number of markets around the world, but it came in with a fairly heavy downgrade and its share price has suffered."

"One day, things will turn round and we'll start selling off the IT stocks and start buying them instead."

"But I don't think we're there yet. There are a lot of very tempting yields out there, but many companies will simply maintain these or even start to cut them. Unless you are very



The attractive stocks are makers of niche products. They have best technology and are making products needed by their customers

lucky and pick a stock that is bid for, it is a very tough sector."

Vicky Wong agrees. "A lot of engineering stocks are very cheap, but we're not buying many because there are simply better opportunities elsewhere."

"One we have been buying is TI Group, because it has very good management and an attractive yield. It is more into industrial production, which does not sound a very exciting niche, but it does have the best products."

Not all market watchers share this view. Geoff Miller says: "Given the current economic background, you're going to have to look at all those companies you would have turned your nose up at six months ago. Engineers are a prime example of an area where you may suffer if you are underweight. But you have to be a bit cautious."

### NO PAIN, NO GAIN: OUR MAN'S PORTFOLIO

## Prospects begin to brighten for the out-of-fashion shares

RUNNING AGAINST the herd can be a rewarding pastime, providing a little patience is exercised. The mid and small cap shares, although rallying a bit last year's appalling neglect, still rank as the stock market's poor relations as institutional investors continue their love affair with the 100 Footsie constituents and the 40 or so shares immediately outside the charmed circle.

With the market still to come to terms with some of the more remote aspects of Gordon Brown's budget I am avoiding offering direct share tips this week, in case of hidden perils. Instead I offer general guidance, which could be helpful to the dedicated private investor.

So it's back to the market undercard, which this year has showed ahead as the performance of the two supporting indices demonstrates. They have made remarkable progress.

The lesser lights normally start the year well. Allegedly, their progress is due to the vast raft of new year tips that often feature many out-of-the-way shares. Once the tip is pub-



DEREK PAIN

lished it become self-feeding until the whole process runs out of energy and profit-takers then kill what is left of the bloated new year excitement.

But this year the undercard looks more resilient; it has built on its opening flourish. Takeover bids, including management buy-outs, have helped; so has a realisation that many undercard valuations have become a poor joke. Footsie, where valuations are stretched, is dominated by

high-flying drugs, financials and telecom stars. It has, to a large extent, lost touch with the grass roots of industry where there is the greatest potential for recovery.

Engineers have been showing signs of some of their old brashness. Last week some of the perceived hidden value among the metal-bashing fraternity was underlined by the arrival of Kohlberg Kravis Roberts, the aggressive US buyout specialists, at that staid old engineer, TI Group.

Then came the better than expected results from IMI, which prompted Merrill Lynch to suggest a 350p target against the market price of 253p.

The engineers' depression, as recession has taken its toll and the strong pound blunted export endeavours, has been brutal; so has the chemical reaction. But bids among the chemical makers are rolling as their lost value is appreciated. Eleven chemical companies have fallen in 18 months.

Albright & Wilson was bumping along at 60p before bid rumours swirled. This week

came a US bid of 130p, which many think is too low and the market is looking for a counter offer.

It could be argued that the market is beginning to appreciate the value lurking on the undercard engineers and chemical sectors. But it has not caught up with the out-of-favour property sector where takeovers have yet to enliven the scene. It will.

Property shares sell at a sharp discount to assets and it is the value of the bricks and mortar which will govern the value of the bids.

Oils have also been hit as the crude price evaporated. Again there are signs of revival with takeover action and a slight hardening of crude prices.

It takes a brave investor to go against the pack. But those who have dipped their toes in the neglected territory on the undercard are already reaping their rewards.

If the market as a whole continues to advance, and I believe it will, playing down among the little 'uns could offer rich pickings.

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# Savers win by showing a social conscience

THERE IS a tradition in some investment circles of looking at the world in a fairly cynical manner. Okay, so a few companies might contribute a tad to global warming and sell a few ciggies too many but did you see their results last week? And look at those share prices.

The fact is, this approach does not correspond with the view expressed by those most affected by this fund management style: ordinary savers, who would like to see a social dimension applied to how their money

BY IAIN MORSE

a personal pension plan. Here the range of funds available is growing. Most providers already offer an ethical unit trust, and reproduce its asset allocation in their pension fund.

Examples include NPT's Global Care pension fund, which has shown better than 70 per cent growth over three years.

The Stewardship fund from Friends Provident grew by 40 per cent over the same period, coming second in the Balanced Managed fund category against mostly non-ethical competitor funds.

For members of occupational schemes seeking to top up their pension benefits most ethical pension providers also offer access to their funds through so-called free standing additional voluntary contributions (FSAVCs). Anyone contracting out of the state top-up scheme, Serps, can also choose to have higher National Insurance contributions paid into a contracted out "appropriate personal pension" (APP) investing in an ethical fund.

John Denham, the Pensions minister, is considering proposals that would require employers' pension scheme trustees to disclose whether and how non-financial considerations might influence their conduct in running these funds.

"This is an issue of key importance," says Karen Eldridge of Eiris, "because of the very large amounts of investment capital held in UK pension funds and mostly invested into British company shares."

Common sense suggests that if pension scheme members elect to have their fund contributions invested according to given ethical or ecological guidelines, they should be allowed to do so.

But Charles Scanlan, head of the pensions department at law firm

Simmons & Simmons, says: "A pension fund is held in trust and run on behalf of its beneficiaries by trustees who are obliged to act in their best interests."

"Trustees could be held legally liable if they fail in their duties. Essentially, they must make investment decisions in the best interests of all scheme members."

Also, in the case of defined benefit pension schemes - those set up to pay pensions which are equivalent to fractions of final salary - the employer company may be liable for any underfunding.

"One can argue that in certain circumstances comparing the [ethical] policies of two similar firms when deciding which one to buy shares in is

wholly congruent with acting in the best interest of scheme members." This applies in what is called a "tie break" situation where a decision has to be made between two similar investments.

A Green Paper in December suggested pension scheme trustees should feel able to consider moral, social and environmental issues.

These could be laid out in a statement of investment principle.

But in a further consultative document in January that has been changed to a bare statement of whether trustees should be allowed to mention "any considerations other than financial ones" in their statement of the investment principles under which they run a

fund. "Many of those making some contribution during this consultative process welcomed these proposals, but this change of wording amounts to a dilution of what was originally proposed," says Ms Eldridge.

"The question now is whether any substantive change for the better will come out of all of this."

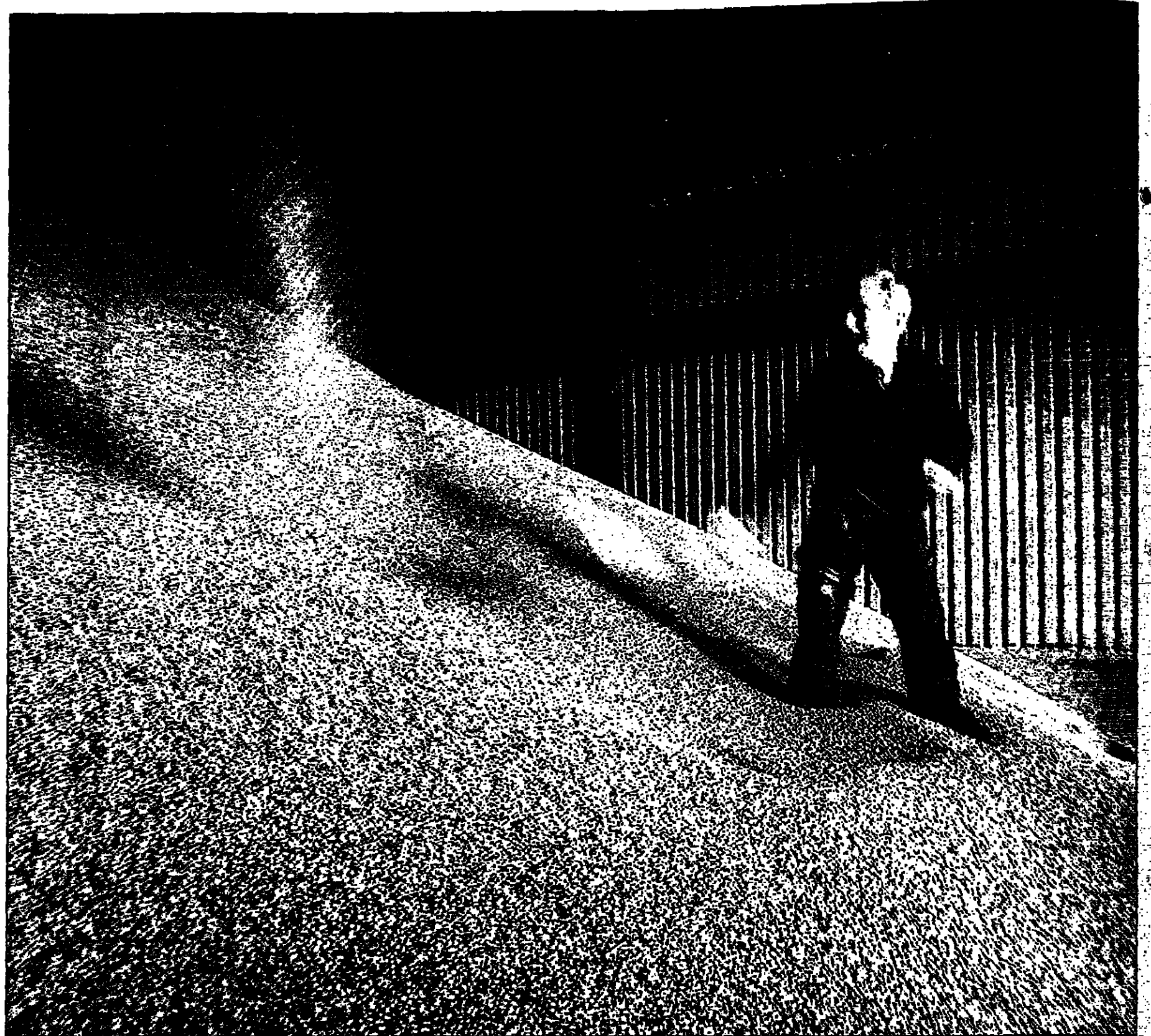


John Denham: Disclosure by pension fund trustees

is invested. This is even more the case in relation to pensions. According to a survey by the Ethical Investment Research Service (EIRIS) 73 per cent of us would like our pension funds run on ethical lines.

Perhaps more surprisingly, almost a third of those questioned would also be prepared to accept some reduction in their pension benefits as a result.

In any event, this choice is denied to members of occupational schemes. Only the self-employed or those opting out of employers' schemes can choose to invest into "ethical" or "green" funds through



Non-GM crop producers are benefiting from the organic food boom, and that looks good for a sound and ethical investment

Philip Meech

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## Staying single is a risky business in PEP trades

BY GUY DENNIS

SINGLE COMPANY PEPs offering the prospect of tax-free investment present several questions. Is it worth getting one? Is it a suitable investment? Which PEP manager and which shares offer the best prospect of a healthy return?

Answers to these questions are easy to understand, but one must remember that a single company PEP is a more specialist investment than a general one.

They need careful consideration. As the end of the tax year approaches, investors appear to be flooding into them. Fidelity says its sales of single company PEPs from the start of the year to 10 February are up 223 per cent on the similar period last year.

But single company PEPs are not suitable for everyone, and they are far less popular than general PEPs, even taking into account this year's rush. Jason Hollands, managing director of BEST Investment, the financial advisers, says: "Single company PEPs are not appropriate for the vast majority of private investors."

There are two reasons single company PEPs are often unsuitable. First, each year's single company PEP requires direct investment in the shares of only one company. This makes them a risky investment.

If you invest the allowed annual maximum of £3,000, its return will depend entirely on the fortunes of your chosen company. For wealthy investors this may not be a worry: they will have other investments, and the relative risk will be small.

But for most people £3,000 is a lot of money, and investing it all in a single company PEP is a bad idea. Investments should be diversified to spread risk.

Investors also need to remember that shares in single company PEPs should be viewed as long-term invest-

ments. You can sell the shares in a single company PEP and switch to another company's shares so long as you do not hold cash for more than 42 days. And some single-PEP providers will offer to manage the investment for you, buying and selling shares in an effort to maximise your return.

But dealing charges and stock market volatility mean you should expect to hold shares for a minimum of five years. Investors looking for a short-term investment should try elsewhere.

The second concern about the suitability of single company PEPs is over the value of the

tax breaks that they offer, and whether these outweigh their initial fees and management charges. For some people they will, but for others they will not.

There are two tax savings offered by a PEP: one is on capital gains tax (CGT), and the other is on the tax payable on dividends.

CGT is payable only on capital gains over £2,000 in a year so, for many people, single company PEPs offer no benefit here. They will not have such tax liabilities.

As for dividends, after 5 April changes in the tax laws mean that tax benefits on dividends make a significant difference only for higher rate taxpayers.

Mr Hollands says: "With the cuts in tax credit dividends, sin-

gle company PEPs are almost certainly inappropriate for anyone who isn't a top-rate tax payer, or who doesn't have capital gains tax liabilities."

Buy a single company PEP does make sense for you, there are several pieces of general advice. Make an effort to shop around for the best deal. Initial fees and management charges vary considerably from one single company PEP provider to another. To find the best deal, contact several stockbrokers or investment companies offering them.

You will also need to consider whether you want an execution-only stockbroker, probably offering lower charges, or a traditional stockbroker or investment company that offers advice on choosing shares.

When picking shares, think about your priorities. Fred Robinson, a partner at the stockbrokers Killik and Co, says: "Your stock selection will depend very much on how it fits in with your portfolio."

Jim Wood-Smith, head of research at Greig Middleton, says: "The attitude we take towards single company PEPs is that it is best to think safety first. We go for large blue-chip stocks where we are as sure as we can be that people will make money in the long term."

"What we don't do is use single company PEPs as tax-free speculating vehicles. If you take a punt and get it wrong you've lost on your tax break."

The Independent has produced a last-minute "Guide to PEPs". The guide, by Nick Cunniff, this paper's personal finance editor, discusses whether PEP investments might suit your needs, what the tax benefits are - and aren't - and details of the rules.

If you are considering a last-minute PEP this guide, sponsored by Scottish Widows Fund Management, is for you. Call 0345 678910 for your free copy.

### THE BROKERS' TIPS

Which companies' shares do stockbrokers prefer for their solid and dependable performance? Here are their choices

Fred Robinson, partner, Killik and Co

Bass - This blue chip company looks attractive at current stock market levels. The shares are not expensive, and they are not too risky. They offer a 5 per cent yield for the year to September, and a good balance between income and capital growth.

Justin Urquhart Stewart, communications director, Barclays Stockbrokers

Shell - Shares in this oil company have been out of fashion, and it has suffered from low oil prices. But these will rise, given some time, and strategic improvements needed by the firm to make it more profitable are expected soon. They are good value.

Allan Collins, partner, Redmayne Bentley

Shell - The dividend looks secure, being twice covered by cashflow. And there may also be further mergers in the oil

industry that could boost the shares. They enjoy a secure income stream and the prospect of a rising price.

Jeremy Batstone, research head, NatWest Stockbrokers

P&O 6 and 3/4% convertible preference shares - These shares have a slightly higher dividend payout than the ordinary shares, thus offering extra protection and a higher yield. The company is benefiting from its 1996 refocusing programme, and cruises are proving popular despite the film Titanic.

Gavin Oldham, chief executive, The Share Centre

Scottish Power - If the proposed merger with US-based PacifiCorp is concluded, the result will be the world's tenth biggest utility company. As it is, its spread of interests, quality management and financial record make the shares suitable for any long-term portfolio.







## HOW THE INCOME TAX CHANGES AFFECT YOU

TAX RATE BANDS			
Taxable income band, £	Income tax rate	Income bands £	NIC rate
0 - 1,500	10%	0 - 3,432	0
1,500-28,000	23%	3,432 - 26,000	10%
above 28,000	40%	26,000 & above	0

## PERSONAL ALLOWANCES

	£ 1998-99	1999-00
Personal Allowance	4,195	4,335
Personal Allowance (65 - 74)	5,410	5,720
Personal Allowance (75 and over)	5,600	5,980
Married Couples Allowance *	1,900	1,970
Married Couples Allowance (65 - 74)	3,305	3,125
Married Couples Allowance (75 and over)	3,345	3,195
Income limit for age related allowances	16,200	16,800
* Allowances where relief restricted to	15%	10%
Allowances where relief restricted to	15%	15%

## MARRIED PERSONS TAX

Gross annual income	Monthly tax and NI 1998-99	Monthly tax and NI 1999-00	New net monthly salary	Monthly change in net salary
5,000	19.48	13.07	403.60	6.41
10,000	137.91	130.65	702.69	7.26
15,000	275.41	268.15	981.85	7.26
20,000	412.91	405.65	1,261.02	7.26
25,000	550.41	543.15	1,540.19	7.26
30,000	687.91	680.65	1,819.35	7.26
35,000	825.41	818.15	2,135.77	15.50
40,000	962.91	947.57	2,385.77	15.49
45,000	1,100.41	1,080.90	2,685.77	15.50
50,000	1,237.91	1,214.23	3,385.77	15.50
55,000	1,375.41	1,345.77	4,135.77	15.50
60,000	1,512.91	1,475.77	4,885.77	15.49

## SINGLE PERSON TAX

Gross annual income	Monthly tax and NI 1998-99	Monthly tax and NI 1999-00	New net monthly salary	Monthly change in net salary
5,000	32.90	18.61	398.06	14.29
10,000	161.66	147.06	686.27	14.60
15,000	299.16	284.56	965.44	14.60
20,000	436.66	422.06	1,244.60	14.60
25,000	574.16	559.56	1,523.77	14.60
30,000	711.66	697.06	1,802.93	14.60
35,000	849.16	832.56	2,119.35	22.83
40,000	986.66	968.06	2,369.35	22.83
45,000	1,124.16	1,101.56	2,619.35	22.83
50,000	1,261.66	1,239.06	2,869.35	22.83
55,000	1,399.16	1,376.56	3,369.35	22.83
60,000	1,536.66	1,514.06	4,119.35	22.83
65,000	1,674.16	1,651.56	4,869.35	22.83
70,000	1,811.66	1,789.06	5,369.35	22.83
75,000	1,949.16	1,926.56	5,869.35	22.83
80,000	2,086.66	2,064.06	6,369.35	22.83

## MARRIED PERSON'S TAX 65-74

Gross annual income	Monthly tax and NI 1998-99	Monthly tax and NI 1999-00	New net monthly salary	Monthly change in net salary
5,000	0.00	0.00	416.67	0.00
10,000	35.91	23.08	810.26	12.84
15,000	131.75	118.91	1,131.09	12.84
20,000	259.43	267.58	1,399.09	-0.85
25,000	364.23	363.41	1,719.92	0.82
30,000	469.03	459.25	2,040.75	0.85
35,000	606.42	592.83	2,323.83	15.59
40,000	743.81	729.50	2,573.83	15.58
45,000	881.20	866.83	3,073.83	15.59
50,000	1,018.59	1,003.83	3,573.83	15.58
55,000	1,155.98	1,140.83	4,073.83	15.58
60,000	1,293.37	1,278.06	4,573.83	15.58
65,000	1,430.76	1,415.06	5,073.83	15.58
70,000	1,568.15	1,553.06	5,573.83	15.58
75,000	1,705.54	1,690.46	6,073.83	15.58
80,000	1,842.93	1,827.86	6,573.83	15.58

## PENSIONER OVER 75

Gross annual income	Monthly tax and NI 1998-99	Monthly tax and NI 1999-00	New net monthly salary	Monthly change in net salary
5,000	0.00	0.00	416.67	0.00
10,000	73.58	60.80	772.53	12.78
15,000	169.42	156.63	1,093.37	12.79
20,000	286.68	284.00	1,382.67	2.68
25,000	388.01	379.83	1,703.50	8.18
30,000	489.34	475.66	2,024.34	8.19
35,000	632.17	609.25	2,307.42	22.92
40,000	798.84	775.92	2,557.42	22.92
45,000	1,132.17	1,109.25	3,057.42	22.92
50,000	1,465.50	1,442.58	3,557.42	22.92
55,000	1,898.83	1,875.92	4,057.42	22.92
60,000	2,298.83	2,275.92	4,557.42	22.92

## SINGLE PERSON'S TAX

Gross annual income	Monthly change in net salary, £
5,000	14.29
10,000	14.60
15,000	14.60
20,000	14.60
25,000	14.60
30,000	14.60
35,000	14.60
40,000	14.60
45,000	14.60
50,000	14.60
55,000	14.60
60,000	14.60
65,000	14.60
70,000	14.60
75,000	14.60
80,000	14.60
85,000	14.60
90,000	14.60
95,000	14.60
100,000	14.60

## MARRIED PERSONS

Gross annual income	Monthly change in net salary, £
5,000	14.29
10,000	14.60
15,000	14.60
20,000	14.60
25,000	14.60
30,000	14.60
35,000	14.60
40,000	14.60
45,000	14.60
50,000	14.60
55,000	14.60
60,000	14.60
65,000	14.60
70,000	14.60
75,000	14.60
80,000	14.60
85,000	14.60
90,000	14.60
95,000	14.60
100,000	14.60

## PENSIONER COUPLE 64-75

Gross annual income	Monthly change in net salary, £
5,000	14.29
10,000	14.60
15,000	14.60
20,000	14.60
25,000	14.60
30,000	14.60
35,000	14.60
40,000	14.60
45,000	14.60
50,000	14.60
55,000	14.60
60,000	14.60
65,000	14.60
70,000	14.60
75,000	14.60
80,000	14.60
85,000	14.60
90,000	14.60
95,000	14.60
100,000	14.60

Data and analysis provided by **ARTHUR ANDERSEN**

# Even the Cabinet come out winners

UNLIKE KEN CLARKE and his eminently taxable tipple of whisky, no one could ever accuse Gordon Brown of devising a Budget with his own mineral water drinking habits in mind. However, no cabinet minister is an offshore, tax-free island and even the sober Mr Brown and his colleagues will feel the personal impact of the contents of his little red box.

Though John Prescott may proudly proclaim that he is still working class, the average cabinet minister's salary of £90,000 means that they would have been the first against the wall

for any pot shots at the middle classes. Soaking the rich was never an option for Mr Brown, but his complex tax and benefits changes will give most middle-income households little more than the equivalent of a vigorous rub down with a wet flannel.

From the Prime Minister down, the Cabinet will be hit by a range of Budgetary assaults on Middle Britain, particularly the scrapping of mortgage tax relief and the married couple's allowance.

But this will be more than offset by the surprise cut in the

basic tax rate to 22p, a move that will benefit the higher rate taxpayers more than most.

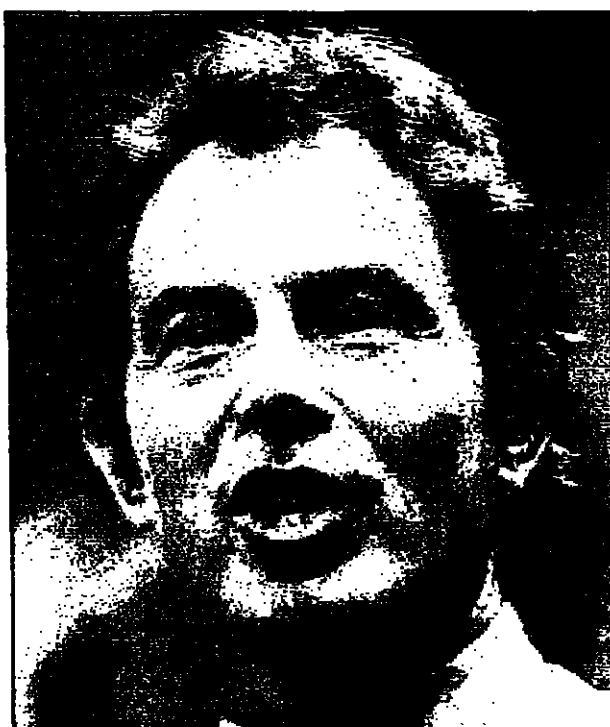
As the announcements were aimed largely at parents of young children and pensioners, however, few ministers will be singing in the streets about large boosts to their income.

In line with New Labour's more puritanical streak, not a single senior minister smokes cigarettes, let alone the Havanas beloved of Cuddly Ken, so the 17.5p price hike on a packet of 20 will involve not a shred of self-sacrifice. Drinking is, of course, a much more accept-

able vice and Robin Cook, Mo Mowlam and Alan Milburn must be 'delighted by Mr Brown's decision to freeze duty on wine, beer and spirits.

So on the whole, the impact on ministers has been neutral or even beneficial. Bearing in mind that all political careers end in failure, even those in the Cabinet who are in danger of being fired will be comforted by one of Mr Brown's less headline-grabbing moves - to help the over-50s move off the dole into work.

PAUL WAUGH  
Political Correspondent



TONY BLAIR

With three children, Nicholas, Kathryn and Euan, and a QC wife who is earning up to £200,000 a year, the Prime Minister will be relieved that child benefit will not be taxed this year at least. But the Blairs' beloved silver Ford Galaxy people carrier will be hit by the new £100 charge being levied for tax discs on large cars.



MO MOWLAM

With a husband who earns more than £120,000 a year as a merchant banker, the Secretary of State for Northern Ireland enjoys one of the highest joint incomes among cabinet members. With no children of school age, however, she will lose out because of the abolition of the married couple's tax allowance.



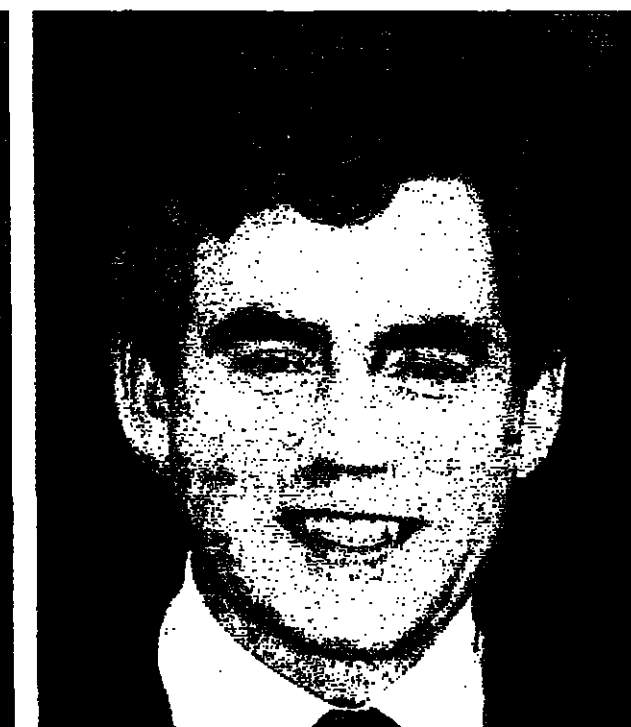
MARGARET BECKETT

The Beckett household currently benefits from the taxpayer to the tune of more than £120,000 a year as the Leader of the House of Commons pays her husband Leo to work as her secretary. However, as the owner of a flat in central London, she will be hit by both the scrapping of Miras and by the rise in stamp duty should she wish to sell up.



ROBIN COOK

"Cookie the Nookie", as the tabloids dubbed him, has recently done his own bit to recast Labour's definition of family values. However, with grown-up children, the Budget will have a neutral impact on his affairs. The Cabinet's best-known gambler will welcome the cut in football pools duty and raise a wee dram to the spirits duty freeze.



GORDON BROWN

As a childless single man, Mr Brown will receive no direct personal benefit from his "Budget for families". Sadly for his girlfriend Sarah Macaulay, the scrapping of the married couple's tax allowance means he has even less incentive to tie the knot. John Prescott will have to make another conference speech telling him to get a move on and propose.



ALAN MILBURN

As the youngest parent in the Cabinet, the rap-loving 40-year-old Chief Secretary to the Treasury is famed for pushing a pram around Whitehall and at party conferences. Like Mr Blair, he will still be able to claim child benefit but, as both he and his doctor wife are higher-rate taxpayers, they will not be helped by the new children's tax credit.

## HOW THE BUDGET AFFECTS YOUR POCKET

DUAL INCOME FAMILY			
	1998-99	1999-00	Change
Income	50,000	50,000	0
Child benefit	1,043	1,043	0
Income tax	(11,981)	(11,845)	136
National Insurance	(3,690)	(3,614)	76
Value of MCA	285	197	(88)
Tax relief on £3,500 pension	1,400	1,400	0
Mortgage repayments	(5,429)	(5,429)	0
Domestic fuel bills	(840)	(840)	0
Net Income	30,788	30,912	124
Duty: Wine	(780)	(780)	0
Spirits	(180)	(180)	0
Car benefit	4,667	5,000	333
Fuel benefit	1,280	1,540	260
Gain/Loss			£1,244

Assumptions: Dual income family, 2 children. He earns £33,000, she earns £17,000. Company car costing £20,000; 2,000cc; 5,000 business miles pa; fuel provided by employer. Mortgage £80,000; 2,000cc; 5,000 business miles pa; interest rate 7.05%; interest only. Stamp duty halved as intend to move house every two years to £300,000 property. Domestic fuel £800 + VAT. Drives wine 3 bottles/week at £7 per bottle; spirits 1 bottle per month at £15 per bottle. She smokes 7 packets of cigarettes a week at £3.40. \*Effect of pension relief not included in income tax figure. \*After mortgage, pension and fuel bills.

## YOUNG PROFESSIONAL COUPLE

	1998-99	1999-00	Change
Income	100,000	100,000	0
Income tax	(31,551)	(31,238)	313
National Insurance	(4,512)	(4,514)	(2)
Tax relief on £3,500 pension each	2,400	2,400	0
Mortgage repayments	(9,306)	(9,306)	0
Domestic fuel bills	(840)	(840)	0
Net Income	56,191	56,502	311
Duty: Wine	(1,820)	(1,820)	0
Spirits	(180)	(180)	0
Cigarettes	(1,238)	(1,301)	(64)
Annualised stamp duty cost	(3,000)	(3,750)	(750)
Gain/Loss			£(503)

Assumptions: Dual income family. No children. She earns £60,000; he earns £45,000. Company car costing £20,000; 2,000cc; 5,000 business miles pa; fuel provided by employer. Mortgage £135,000; interest rate 7.05%; interest only. Stamp duty halved as intend to move house every two years to £300,000 property. Domestic fuel £800 + VAT. Drives wine 5 bottles/week at £7 per bottle; spirits 1 bottle per month at £15 per bottle. She smokes 7 packets of cigarettes a week at £3.40. \*Effect of pension relief not included in income tax figure. \*After mortgage, pension and fuel bills.

## SINGLE PERSON

	1998-99	1999-00	Change
Income	25,000	25,000	0
Income tax	(4,656)	(4,558)	98
National Insurance	(2,234)	(2,157)	77
Rent	(5,400)	(5,400)	0
Domestic fuel bills	(420)	(420)	0
Net Income	12,290	12,465	175
Duty: Wine	(415)	(415)	0
Petrol	(984)	(1,014)	(30)
Cigarettes	(1,238)	(1,238)	(64)
Gain/Loss			£81

Assumptions: Single person earning £25,000 pa. Domestic fuel £400 + VAT. Her own car: 10,000 miles pa at 30mpg; unleaded petrol at 65p/litre. Drinks 2 bottles of wine a week at £3.99 a bottle and smokes 7 packets a week at £3.40. \*After rent and fuel bills.

## PENSIONER COUPLE

	1998-99	1999-00	Change
Income	30,900	30,900	0
Income tax	(4,694)	(4,405)	289
Value of MCA	285	197	(88)
Domestic fuel bills	(630)	(630)	0
Net Income	25,861	26,062	201
Duty: Spirits	(780)	(780)	0
Gain/Loss			£201

Assumptions: Recently retired pensioner couple, both aged between 65 and 74. Domestic fuel £600 + VAT. Non-smokers but drink 1 bottle of scotch per week at £15 per bottle. He is on £19,500 occupational pension + £3,900 SPP. She is on £6,000 occupational pension + £1,900 SPP. Total £30,107. \*Effect of MCA not included in income tax figure. \*After mortgage, pension and fuel bills.

## RECENT GRADUATE

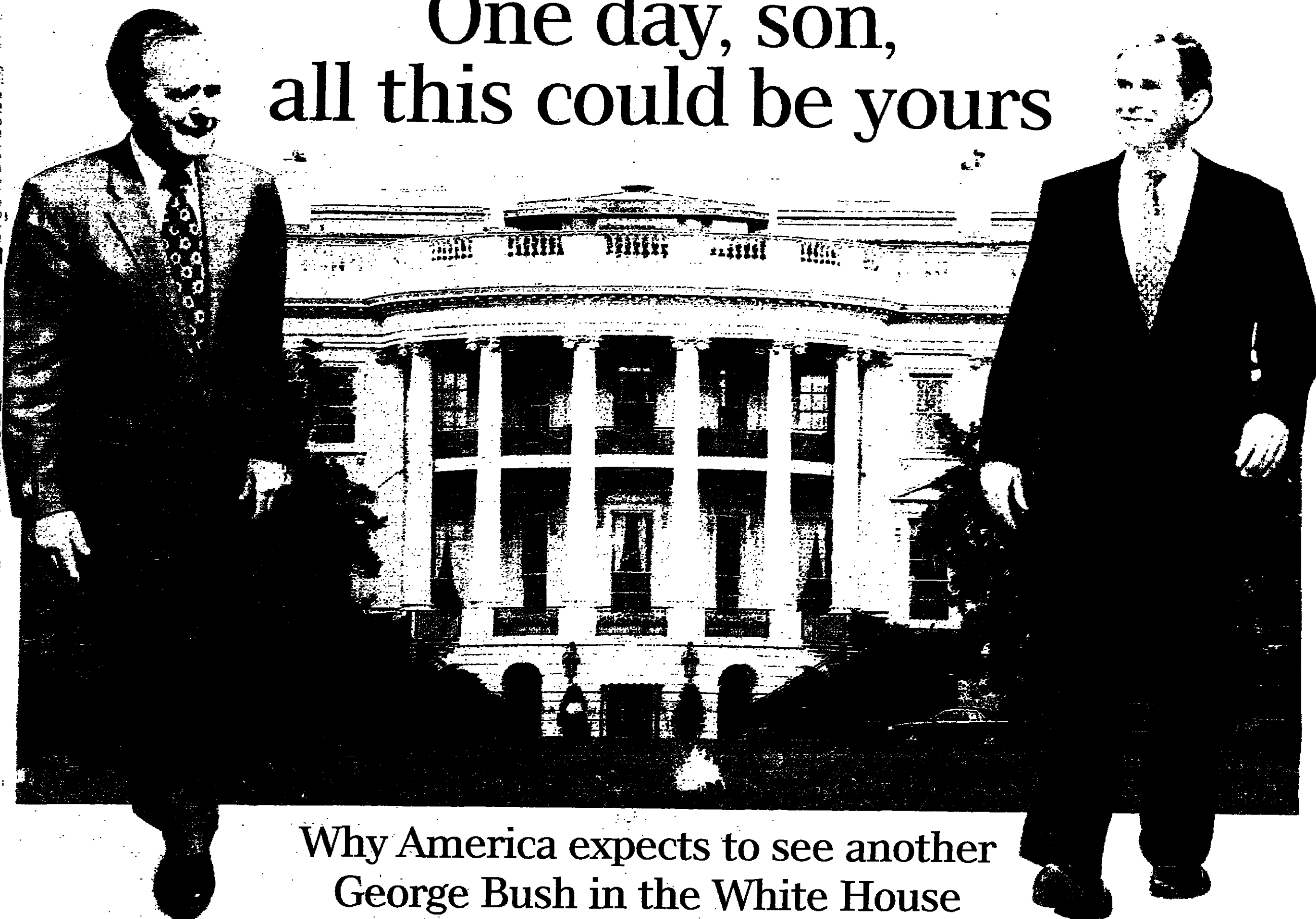
	1998-99	1999-00	Change
	£pa	£pa	£pa
Income	17,500	17,500	0
Income tax	(2,931)	(2,893)	38
National Insurance	(1,484)	(1,407)	77
Rent	(5,400)	(5,400)	0
Domestic fuel bills	(420)	(420)	0
Net Income	7,265	7,440	175
Duty:			
Beer	(1,144)	(1,144)	0
Cigarettes	(1,238)	(1,238)	(64)



# WEDNESDAY REVIEW

COMMENT • FEATURES • ARTS • LISTINGS • TELEVISION

## One day, son, all this could be yours



### Why America expects to see another George Bush in the White House

In the film *Field of Dreams*, Kevin Costner hears a whispering voice in the cornfields of his farm. The voice hurls him into action. "If you build it, they will come," it breathes. And so he builds a baseball field that becomes the focus of strange supernatural energies, drawing long-lost figures from the game's past, including the ghost of his father. The film closes with thousands trekking out to his farm, a symbol of reconciliation and community.

George W. Bush, the Governor of Texas and son of the former president, has heard a similar voice. So he has quietly assembled in Austin the most formidable election campaign team in existence: fund-raisers, foreign policy advisers, nervous young men and women with clipboards to handle press conferences and policy seminars, old political hands from every state. And they are coming to see him, by the dozen. State and local politicians from all over the nation are flooding in to touch the hand of the man who is the most likely Republican candidate for the White House in 2000, and perhaps the next president of the United States.

Mr Bush badly needed them to come to him. He was re-elected Governor last year by a landslide. Unlike other Republican candidates, he has a job and cannot just up and run for New Hampshire or Iowa to start kissing babies. "I want to tell my friends outside of Texas, especially in the east, primary states, I won't be able to visit until this summer," he said on Sunday, launching his Presidential Exploratory Committee. "First, I have a job to do in Texas."

But building the Field of Dreams in Austin has had plenty of other attractions. It has allowed him and his team to remain in control of the process. It has given the campaign an aura of mystery, of magic almost. And it has allowed him to continue to maintain that he has not quite decided yet on his candidacy, to keep "not running", even when everyone knows that the only thing that will stop a Bush campaign is an act of God.

The voice in the cornfields for Mr Bush belongs to Karl Rove, the political intelligence behind the campaign that isn't. Mr Bush himself is no political tyro, but Mr Rove, his key strategist, is regarded in the business as a genius. Around him and Mr Bush there is the most

effective, broad and highly structured campaign organisation of the decade. The Bush 2000 campaign has brought in aides to other candidates, links to the religious right, money-men, consultants and lobbyists anxious to get on board and policy intellectuals from across the ideological spectrum of the right and centre. Whatever else you say about this man, you must admit he has planned and prepared to the last degree.

Outside Texas, Mr Bush has had little presence until the last six months, as it became clear that he would run and might win. We know his father, the preppy New Englander who came to Texas for business, won the White House and then lost it to Bill Clinton. But who exactly is George W. Bush?

He is a Texan, far more than his father: he was educated here, worked in the oil business, bought into the Texas Rangers baseball team, stood for Congress, and won the Governor's Mansion. He has also spent more time in private business than his father, and less in public service. But like the Bush family in general, he is also very New England: he is old money, well-

his Presidential Exploratory Committee there are three women (one black), one black man and one Hispanic: only half are white men in suits. He speaks freely about the need to open the party up, about opportunity for all. He is warm in public, and accessible. His political imagery is strikingly (and deliberately) similar to the optimistic language of Ronald Reagan - though this time it is the "sunshine side of the mountain" rather than "morning again in America". He refers - like every modern Republican - to the coalition that was built up by Reagan. He also speaks often of the "party of Lincoln". After the Civil War, it was the Republicans who drew support from the black community, and the Democrats who were seen as the party of segregation.

Bush is a classic conservative, talking often about culture and values, but also about social obligation and the need to help those at the bottom of the pile to help themselves. He has not taken part in the Republican assault on Bill Clinton for his private life, and does not want his opponents to mess with him or his family.

There have been rumours about his private

for shooting themselves in the foot. Some of the other candidates will want to damage him, badly and early - and not just because he is the front-runner. "Compassionate conservatism" irritates those who think he is trying to outflank them by painting fellow conservatives as uncaring (which he is) and by aiming for the moderates in both parties (which he is). It reminds many of the "kinder, gentler America" promised by his father, which led indirectly to the party's loss of the White House after 18 years.

And the third problem, inevitably, will be comparisons with his father, who, though still very popular in parts of the party, is regarded by the conservative right as too liberal, and by much of working-class America as a stiff. *Field of Dreams* was a film about a man coming to terms with his father, and those who know George W say that one reason why he is running - and only one among many - is to recover his father's legacy from the man who beat him, Bill Clinton.

To do so, though, there is the pressing question that he must answer, which his father sometimes seemed to find hard to resolve. Why exactly does he want to be president? In 1980, his father beat Ronald Reagan in the Iowa caucuses, the first event in the nomination calendar, and became super-confident - over-confident as it turned out: he lost badly in New Hampshire, and never really recovered. "We did not answer the question of 'George Why?'" said James Baker, the elder Bush's campaign manager.

America has largely stopped asking "George Which?" and is now saying "George Wow!", or "George What?", or "George When?". At some time in the coming months, as the campaign really gets under way, the same question will be asked of him: why? After all, America, is rich and doing well: why switch horses in midstream - especially as it was his father who, after the long Reagan boom, presided over the Bush bust?

At the moment, he has most of the answers, but not quite all. "The purpose of prosperity is not merely material wealth," he says, and: "My concern is that this nation best be careful, or we're going to leave people behind." Some time in the next six months, he will have to come up with a better reason why America should once again entrust its future to the Bush family; and he will. But at the moment, sometimes it seems as though he himself is not quite sure.

BY ANDREW MARSHALL

mannered, competitive and clean-limbed, and quite clearly he was born and bred for politics.

Most of those around him say he is not that psychologically complex; there is no great seeking after adulation, as sometimes seems to be the case with Bill Clinton. Nor is there a great hunger for power and control, as there was with Richard Nixon. He is, largely, what he seems: a decent, quite conservative man in his fifties with a happy marriage and two young daughters, who does politics for a living.

The fact that he is not a screwball does not mean, of course, that he is shallow or facile. He does not have the personal magnetism of Bill Clinton, which can electrify a room; nor does he have the flaws. And his most likely opponent in 2000 is Al Gore, who could not electrify a room if you plugged him into the mains.

Mr Bush has plenty of other strengths instead, and the campaign machine has drawn on them assiduously. He is genuinely inclusive, in the sense that he reaches out to sections of the population long ignored by the Republican right. On

life, and he has admitted that he once drank too much. This will not hurt him, especially not in Texas. What may be rumours of other activities. Asked if he had ever used "drugs, marijuana, cocaine", he replied: "It is irrelevant what I did 20 or 30 years ago. What's relevant is that I have learnt from any mistakes that I made."

Texas observers point out, however, that his private life has been very different from that of the current President. He was never part of the counter-cultural Sixties. His circle of friends is close and very discreet. Whatever he did, there are unlikely to be members of that circle hawking their stories to national newspapers.

But there are other problems in his future that must be taken into account. The first is himself. He has obvious flaws, despite his great skills at the retail politics of handshakes and back slaps and his evident competence as a governor. He is not a great speaker, sometimes appearing stiff and wooden. He also loses his temper sometimes.

The second is his own party. The Republicans have shown enormous talent over the last year



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## Right to roam

Sir: David Aaronovitch's article on the Government's right to roam proposals (Comment, 9 March) contains many misconceptions about who owns and cares for the countryside. I am no apologist for landed interests or the bully-boys of the rural scene, but, I do stand up for the smallholders of about 50 acres who make up the majority of the Country Landowners' Association membership.

The area I live in is beautiful and attracts a lot of visitors, which is their right. However, the increasing pressure on the countryside is invading the privacy of those who live here.

In our case, walkers have to walk through our farmyard, past our front door. They believe that they are invisible to my family and no consideration given that we live here. Dogs wander off the right of way, litter is dropped, strangers poke about the barns. The law of trespass? Forget it. Police protection? Forget that too. "Is he carrying a gun, madam?"

We have tried to get the council to divert the right of way. We are now in our second year, facing a bill of £20,000 and with no end in sight. The position in law of the use of rights of way is confused, archaic, bureaucratic and supremely costly if you want to change things to reconcile privacy with the common good. Rights of way arose because they reflected how rural people moved around the countryside in the past; they were not designed for modern recreational requirements.

CHRISTOPHER LUKE  
Abergavenny, Gwent

Sir: I am not a country landowner - I live in Manchester and wouldn't know one end of a combine harvester from another - but following the Government's idiotic kowtowing to the "right to roam" lobby I look forward to the spectacle of hordes of ramblers descending on Chequers gaily scattering crisp packets and letting their semi-trained animals loose on the wildlife. At least Tony Blair's livelihood doesn't depend on it.

JOHN GALE  
Manchester

Sir: I have received today a letter from The Ramblers seeking funds to fight the case against Mr Van Hoogstraten, who is denying legal access across his land. I wonder how many others share my incredulity that the relevant authorities do not deal with Mr Van Hoogstraten in a manner which causes him to comply with the law instead of relying on a charity to do the job for them.

D E ARCHER  
Barnesley,  
South Yorkshire

Sir: The question of land ownership and the transfer of land can be dealt with by an office of land management as part of the new Scottish Parliament. It is all well and good for Andrew Dingwall-Fordyce of the Scottish Landowners' Federation to say that legislation is not needed or wanted (letter, 8 March) but he is only speaking on behalf of vested interest. Where is the evidence that a true consensus of opinion has shown this to be true?

The landowners of Scotland do not have a very good track record for acting on behalf of the working class. One has only to read of the Clearances to understand how much the real people of Scotland have been close to the heart of the owners. Recent land sales have been to the detriment of people trying to make a living on the land, and Knyddart is a prime example.

Does Mr Dingwall-Fordyce expect us to believe that the Landowners' Federation can police land sales properly? May I suggest that the people of Scotland should have a say in whether some German artist or whoever is a proper person to administer land which belongs to the people of Scotland. I wish the new Parliament well.

ERIC STENTON  
Sheffield

The scene: King Tony's Counsel Chamber, where he is about to receive Duke Gordon Brown. King Tony: (Meditating aloud) God give me strength to deal with Gordon Brown! So restless is he in his daily work I scarce can pin him in a chair to sit. Before he twitches to his feet again And roams around the room like a mad prophet, Spilling facts and charts as he declaims. He is a man whose eye is hard to meet - It darts around the room like some mad hare. While his faint smile doth flicker on and off Like lightning on his native Scottish hills. Did I say HIS? I meant, OUR native hills. For I must learn to be a Scot again And catch their hearts when devotion comes...

Perhaps I should have kept my Scottish brogue. As Gordon Brown has done. Oh, damn the rogue! (As he is talking, enter his wife, Queen Cherie) Queen: Now, sire, do not let yourself come down With darkest thoughts of yon Duke Gordon Brown. Think not of him as rival or pretender - To gain your crown is not on his agenda. He is your Chancellor that's all. He works for you! Tony: And orders what folk may or may not do! He tells MY people how to spend THEIR cash. But I will get the blame if there's a crash! Queen: Sweet king, sweet king, you must not brood like this.

Calm yourself down. Give your dear queen a kiss. King Tony: And let my Chancellor see us embrace? I'll teach the wretch to know his proper place. I'll not have him sneaking round and spying. (Enter Duke Gordon Brown) Ah, there you are. You see, I've caught you prying. Gordon Brown: My Lord, I know not what you mean by that.

I merely come to show my Budget speech Which I am due to show to your fair people

## LETTERS TO THE EDITOR

Post letters to Letters to the Editor, The Independent, 1 Canada Square, London E14 5DL and include a daytime telephone number, fax to 0171 293 2056 or e-mail to letters@independent.co.uk. E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity



National Orchestra Week No 3: The French horn player takes a bow after a recital at a retirement home in Old Coulsdon, Surrey

David Rose

## Pusztai's results

Sir: The attempt by Professor Rhodes and Dr Finn (letters, 3 March) to clarify the Pusztai affair was misleading.

They imply that lectins are not really toxic (making Dr Pusztai's results appear significant) by saying they exist naturally on mammalian cells. This is true, but it is also irrelevant.

Those used in Dr Pusztai's work were plant lectins and these are all toxic to something. Their purpose is to make animals eating them feel ill and stop. Like other proteins, lectins are inactivated by cooking. Dr Pusztai fed GNA lectin raw to rats and an effect on digesta retention was observed in one experiment. Should anyone be too surprised? In any case Dr Pusztai was unable to replicate this effect a second time.

In all other instances the GNA lectin could not be shown to have any significant effect at all, even when added directly to feed at 100 times the concentration expressed in the GM tubers. So why the fuss? It is because the addition of another lectin (Con A) to feed resulted in rats with impaired immune systems.

The amount added was 5,000 times the concentration expressed by the potatoes themselves. If you feed a known poison to rats at 5,000 times its normal level it is not surprising if they end up ill. The Rowett Institute concluded that "the results were far too variable to reach statistical significance and too inconsistent to draw any meaningful conclusions". Following Dr Pusztai's public inferential to the contrary, suspension was perhaps inevitable.

Professor Rhodes and Dr Finn conclude by saying that Dr Pusztai was certainly not trying to imply that GM foods are unsafe, but simply carrying out impartial research. This too is misleading. Dr Pusztai has actually said, "We are assured this (GM food) is safe but if you asked me I wouldn't eat it."

This is not the voice of

impartiality. As a postgraduate biological science student there are certain regulations I would like to see introduced in the production of GM foods. However, if in my work I had produced such unfounded conclusions and statements as those made by Dr Pusztai, my supervisor would have doubtless hit the roof. MARK MADDOX BSc MSc GIBIOI, Nuneaton, Warwickshire

## Howard's away

Sir: Michael Howard's decision to amble off into the political sunset this summer is far more significant for Conservatives than one ageing ex-minister opting out. Howard has seen the writing on the wall for himself and his party, and it reads, "Labour rules for the foreseeable future."

Is it really less than a decade since the lady who was "not for turning" was turned out of No10 by a rabble of jealous and incompetent political pygmies?

The rabble is now a shambles. The most ineffectual opposition in living memory - and worse is yet to come. It is still three years before William Hague fulfils his destiny by losing the next general election. Oh, how are the mighty fallen! TONY THORN, Bordon, Hampshire

Sir: Andrew Grice's analysis ("Hague urged to hit poll target", 8 March) of the coming battle in the May local elections seems to suggest a mainly two-way fight between the Tories and Labour. Does he omit the fact that the Liberal Democrats control more local councils than the Tories in order to divert the Tories from their main threat, undermine the Liberal Democrats, or leave out complexities for the benefit of a dumbed-down readership?

T J STONE  
Whitlifford,  
Cambridgeshire

## Male feminists?

Sir: Are there any male feminists? Let us hope not. Most modern men, perhaps with a few exceptions like Adrian Coyle (letter, 8 March), are much too complete, rounded human beings to be capable of the histrionic rantings of career bigots like Germaine Greer or Suzanne Moore.

Dr SIMON FORDHAM  
Liverpool

Sir: Dr Adrian Coyle, as well as being offensive about transsexuals, also manages to miss the point.

Feminism, at its best, is about doing away with gender stereotypes, and with discrimination on the grounds of gender. It is about breaking the link that seems to exist in so many people's minds, between having a certain set of genitals or chromosomes and being expected to fulfil a certain sort of societal role.

Talking about "womanliness" as if it were universally agreed and what this term means, and advocating the exclusion of people with y-chromosomes from the feminist movement suggests that, for Dr Coyle at least, sex discrimination and

gender stereotyping are alive and well. KATYA WHITTON, St Anne's College, Oxford

Sir: Now here's a paradox. On International Women's Day (8 March), *The Independent* publishes a book review about the 18th-century writer Charlotte Smith. Why is the piece dominated by a picture of William Wordsworth, who is barely mentioned in the article? And why his picture is about 15 times as large as the tiny portrait of Charlotte Smith?

What the reader sees is that men are considered more important and dominant than women, even if the subject under discussion is a woman. With men, as usual, on the front page, it would seem that every day is International Men's Day.

MARIAN REID  
Alkham, Ayrshire

## Bovine Bard

Sir: Harold Bloom's arrogance seems limitless. Referring to the reception of a talk he gave at Oxford University last week he is quoted as saying, "I watched the faces of my audience as I delivered this and saw blank

you'd get on with, say, Ohio dollars? NORMAN PATERSON, Anstruther, Fife

Sir: Rapid translation, printing and distribution has already rushed *Monica's Story* to our distant corner of France, where the local supermarket has set a pile of it, with what I think in England is called Gallic flair, right at the heart of a massive display of the *Guide Michelin* 1999, also just out. As you might expect of France, the *Guide* is fast disappearing, *Monica* not. JOHN LIVINGSTONE, Biarritz

incomprehension. I had a vision of an airplane flying over cows in a meadow." (Books Interview, 6 March)

My bewilderment at Mr Bloom's argument was, it would appear, a product of my sheer ignorance. Of course, the fact that Mr Bloom delivered his speech, or rather simply read from his recent book, in a monotonous and uninspiring drone could have played no part.

If Falstaff really is "the mortal god of my imaginings", Mr Bloom should return to Shakespeare's text and try to learn a thing or two from his hero's rhetorical performance. Meanwhile, I think it would be preferable for me and my fellow bovine students to keep to the grass-roots of Shakespeare rather than indulge in an arrogant flight of fantasy. BEN SANDERSON, St Catherine's College, Oxford

## Census of faith

Sir: No one should have to disclose their faith (or lack of it) mandatorily, least of all to the head of their household or the state (leading article, 5 March).

Neither will the statistics gathered in the 2001 census be accurate: those of believers will be substantially exaggerated. As they do on hospital next-of-kin forms, people will tend to register their "faith" at birth - C of E or whatever - even if they have not been to a religious service for years and have no interest in religion. The inflated figures are likely to be used to secure further unwarranted religious privileges.

Neither will the various kinds of partial or non-believers be accurately counted. Such terms as "agnostic" are too subtle to be registered accurately in census tick-boxes by the head of the household on its behalf.

These questions must be removed from the census. K PORTEOUS WOOD, General Secretary, National Secular Society, London WC1

## IN BRIEF

Sir: Europe is moving towards greater integration and, in general, I welcome that. My motivation is not cheaper food or standardised working hours - it is the hope that we never see another European war. Our process of integration must be similar to the experience of the separate states of America. It is interesting to speculate what would have happened if a state had chosen not to adopt the dollar. Now you can use the US dollar in most countries of the world. How well do you think



MILES KINGTON

Budget day is fast approaching and all is not well in the court of King Tony and Queen Cherie

Tomorrow afternoon, as ever is. Tony: Ah, yes? Let us inspect your Budget speech So that I may have some input into it.

## Dumb screens

Sir: I wonder what makes me think that Andrew Whitam Smith lives in London ("It's dumb to say that culture is just plugging the depths", 8 March).

Of the four films he mentioned, only one has been available to us - and no, we don't live in the Outer Hebrides, but 40 miles from Marble Arch, with three multiplexes within half an hour's travel.

True, they will probably have one showing each, in a few months' time, on a Monday evening at 7.30, (in a slot pretentiously entitled "Director's Chair").

Mr Whitam Smith has fallen for the line that "more" means more choice and a better service for the consumer. We first learned that it doesn't in the 1970s, with the introduction of multi-screen cinemas. "Oh good," we thought, "six screens to choose from, so we'll get the Woody Allen films as well." But no - six screens meant that the blockbusters were shown on three of them, the sexier ones on two, and kidstuff on the other.

Try seeing *Bukharin* or *Affliction* this week outside London. It's *A Bug's Life* and *You've Got Mail* at two screens each for the third week running. GILL JEFFORD, Thame, Oxfordshire

Sir: Andreas Whitam Smith is correct when he writes of television and "its role as an educator". I don't have TV, never have, but occasionally see programmes courtesy of a friend and have been taught all sorts of things from the commercial breaks. Many of the food advertisements reveal that few people know how to hold a knife and fork. ROBERT VINCENT, Andover, Hampshire

## Transplant ethics

Sir: As a staff nurse on a paediatric intensive care unit I was very disturbed by Esme Thompson's letter (8 March) about organ donation.

It is now possible to keep a patient's body alive when they are actually "brain dead" and it is these patients who are considered for organ donation. Very strict tests are performed which establish, without a doubt, that the brain stem has been irretrievably destroyed and the patient's body would not function any more without the assistance of machinery. These tests are performed twice and the patient has to fall them both times to go for organ donation. If there is any doubt at all then the patient's treatment continues as aggressively as before. Families can, and often do, choose to be present when the tests are performed, and they are explained in detail.

It is very important to keep the organs in as good condition as possible to give the recipients the best chance, and to deprive them of oxygen would damage them; so all support to maintain the organs is continued until organ retrieval is completed.

The time of death is registered as at completion of the first set of tests. The families of patients who donate organs are fully aware of all the implications of organ donation and receive objective advice and full support from nursing and medical staff at what is an incredibly difficult time. Comments such as Esme Thompson's are very damaging indeed. ANN SKELBORN, Warrington, Cheshire

## Torture

Sir: Judge Paul Sacco of Colorado punishes teenagers who have their in-car stereos on too loudly by making them listen to the music of such as Dean Martin, Henry Mancini and John Denver (report, 8 March). If he were to make them listen to a recording of Harrison Birtwistle's *Pantheon*, would this not constitute, as a "cruel and unusual punishment", a breach of their constitutional rights under the Eighth Amendment? NIGEL BALDWIN, Portsmouth

## Sire, banish these dark thoughts of yon Duke Gordon!

MORE TODAY of the unfolding saga of Tony Blair, as told in the recently rediscovered Shakespearean masterpiece *The History of King Tony* or *New Labour's Lost*. Today we kick off with the first known Shakespearean description of the lead-up to Budget Day.

The scene: King Tony's Counsel Chamber, where he is about to receive Duke Gordon Brown. King Tony: (Meditating aloud) God give me strength to deal with Gordon Brown! So restless is he in his daily work I scarce can pin him in a chair to sit. Before he twitches to his feet again And roams around the room like a mad prophet, Spilling facts and charts as he declaims. He is a man whose eye is hard to meet - It darts around the room like some mad hare. While his faint smile doth flicker on and off Like lightning on his native Scottish hills. Did I say HIS? I meant, OUR native hills. For I must learn to be a Scot again And catch their hearts when devotion comes...

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Calm yourself down. Give your dear queen a kiss. King Tony: And let my Chancellor see us embrace? I'll teach the wretch to know his proper place. I'll not have him sneaking round and spying. (Enter Duke Gordon Brown) Ah, there you are. You see, I've caught you prying. Gordon Brown: My Lord, I know not what you mean by that.

I merely come to show my Budget speech Which I am due to show to your fair people

Brown: Too late for that, my lord. I much do fear. The speech is writ. I cannot change a thing. Not even for the fancy of a king.

King: (Aside to his Queen) You see? He scarce contains his mockery. He likes me not. He hates my very guts! Queen: No, no, my Lord! I'm sure it is not so! 'Tis just his manner, which is quite abrupt. I grant his outside look is stiff and cold, But the inner man may have a heart of gold!

Brown: You speak of gold? Yes, later on I shall deal with this matter when I come to speak Upon the very real and pressing problems Of international currencies today.

King: You see? Just press a button. Off he goes! With an instant lecture on our nation's woes! Brown: Turning now to steady control of growth... King: There shall be no such turn now, by my troth! Brown: What is this, my liege? Why do you shout? Why should I leave such weighty questions out As inflation, growth, the labour pool?

King: Stop there! I am the King! 'Tis I who rule! You must not treat me as a boy at school.

All that I need from you, come Budget Day, Is for you to face the folk and say That you are lowering taxes this time round!

Although still screwing them into the ground! The art of Budgets is to understand How to give with one, take with the other, hand! Brown: Sire, this I know. I think that you shall see A Budget which will benefit you and me, Even if brings good to no one else!

King: Good, good. But what on earth - Hell's bells! Who comes this way inside our very Palace! What is this shape, this half-demented Alice, Striding across the floor with nine-foot paces Pulling the most alarming unfeminine faces!

(Enter Dame Janet Street-Porter, bearing a banner reading "Give Us The Right to Ramble") Janet: Gawd, me blisters! Must find a place to sit! Then I can speak my piece, and this is it. We now demand the unlimited right to roam And anywhere we walk, that place is home!

Will King Tony get rid of Dame Janet? Or Duke Gordon Brown? Don't miss the next episode!



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## Mr Howard's decision exposes the infirmity of the Conservatives

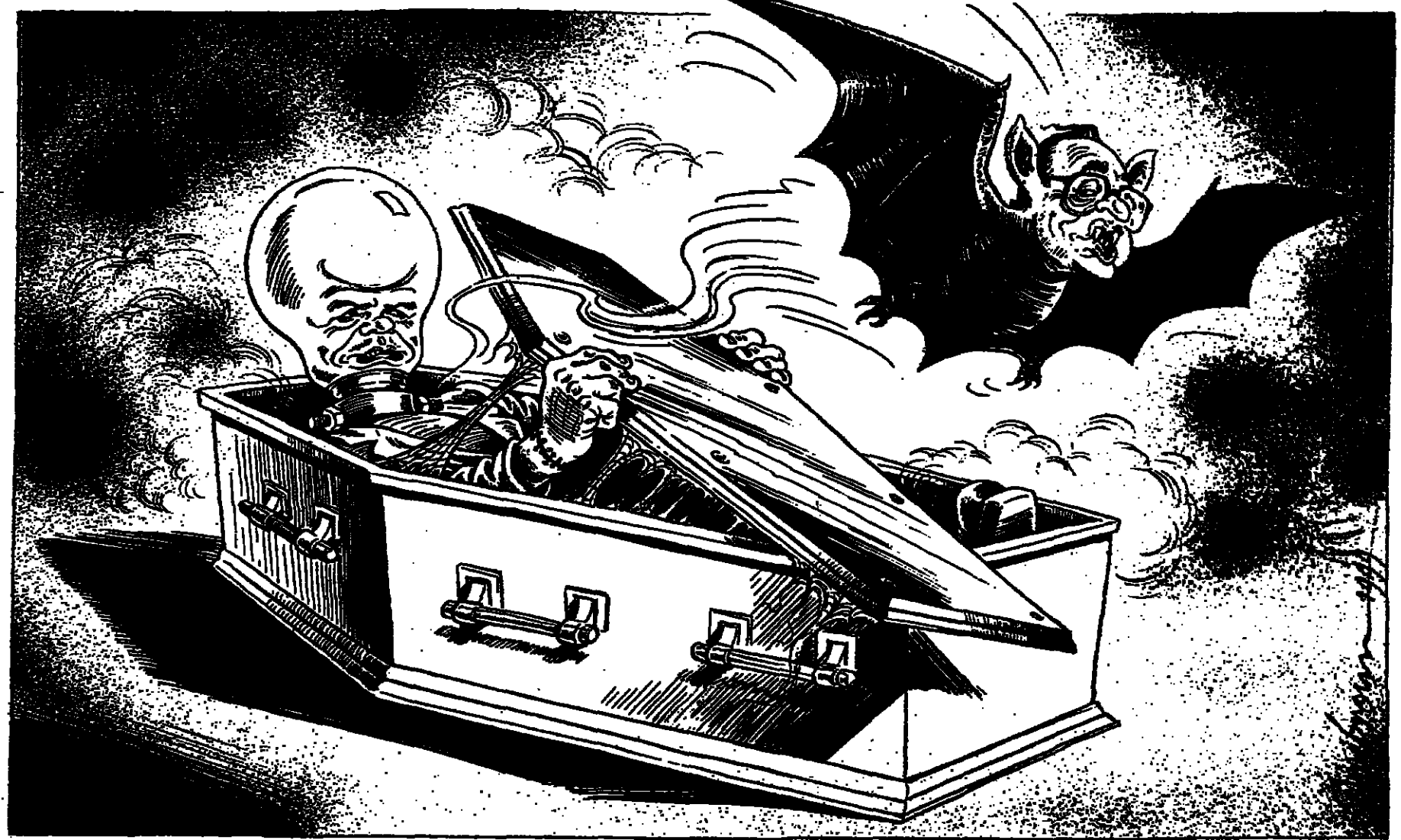
THAT MICHAEL Howard has wearied of the Conservative front bench is not surprising, even if it is rather worrying for both the Opposition and its beleaguered leader, William Hague. Mr Howard's retirement makes it quite clear that many senior Conservatives no longer hold out much hope of victory, and return to ministerial office, at the next general election. It also leaves the Conservatives without any of their big guns from the Major years: Douglas Hurd, Chris Patten, Michael Portillo, Michael Heseltine, Kenneth Clarke: none of them now remains on the front bench to contest New Labour's mastery of the political landscape.

Perhaps Mr Howard deserves a little more time to watch the baseball he adores. This newspaper opposed almost everything he ever did as a minister, but he has served his party, and the governments of which he was a member, with the intelligence and loyalty that his often abrasive populism sometimes obscured.

It was Mr Howard's misfortune to become the symbol of all that went wrong with the Conservative project. First he was the ruthlessly efficient hard man, as local government minister driving through the Thatcherite poll tax, a measure that showed just how out of touch the Iron Lady had become. Then, when he was home secretary under John Major, his rants against "liberals", refugees, illegal immigrants, single mothers and almost anyone else he could blame for rising crime figures, summed up the Major years of confusion and muddle. Initiative after initiative hit the rocks, as the judges, the prison service and even the police turned against Mr Howard's "tough" regime.

Most recently, Mr Howard has experienced the frustration of the barren Hague years. Performing with precision, well-directed indignation and aggressive attacking fervour in his dissection of the Foreign Secretary's many blunders, he has nevertheless made little impact on his opponent, the weakest senior member of the Cabinet. Mr Howard is the best example of that impotent, invisible hard work that characterises Mr Hague's Shadow Cabinet.

The Conservatives have thus been robbed of another experienced operator - Mr Howard's inability to perform convincingly on television, and his identification with the Tory past, having eclipsed their real long-term interests. There are able younger Tories in the ranks, Dr Liam Fox at constitutional affairs and Theresa May as Shadow schools minister among them, who need more time before they are exposed to the pressures of the top jobs; Mr Howard's retirement may deny them that. The foreign affairs post, vital in the Tory civil war over Europe, needs someone with some weight and standing to fill it, and such figures are not conspicuous in the Parliamentary Conservative Party. All in all, Mr Howard's departure is one more sign of the infirmity of that once-proud party.



## We still have free will in the age of genetics

WHEN SCIENTISTS claimed to have found the "gay gene", they detonated a furious argument about free will and determinism. It had long been argued that the age of consent for homosexual sex should not be equalised at 16 because homosexuality was "just a phase", and young men might be "converted" to it at a vulnerable and ambiguous time of their lives. Those in favour of equality responded that most people feel sure about their sexuality long before they are 16. Some of them seized on the finding that homosexuality might be genetically determined as ammunition for their side of the debate, but this was premature.

Now another study claims to have found that bullying is in the genes. This is a gross simplification of the conclusion of a study that itself assumes that the lines of causation from genes to personality are simple. This is a rapidly growing area of research, which has recently produced findings (again, not yet replicated in other studies) that "cautionousness", and differences in behaviour between boys and girls, may be genetically determined.

The problem is that the way in which genes influence personality is neither simple nor well understood. It is understood even less by the lay public, who may be misled into thinking that the latest research in some way excuses bullying: "I can't help it, Miss, it's in my genes." So even if these findings are backed up by further research, we are still a long way from being able to make any practical use of them. When the ways in which character and intelligence are constructed from the information encoded in the 80,000 human genes are understood, then the difficult ethical questions begin. Then we face the prospect of the rich of the world being able to control their own evolution.

Meanwhile, it is more important to insist that nothing in the science of genetics absolves people from making moral choices about their own behaviour. From the earliest times, philosophers have struggled with the knowledge that free will is constrained. For a long time, the deep constraint was not genes but religion. But the wise philosophers have always concluded that people have choices and should try to use them for good. That is as true in today's secular age as it ever has been.

THE POLICE refusal to move Neil and Jamie Acourt, two of the young men suspected of the murder of Stephen Lawrence, is disturbing. No one pretends that these men are pleasant characters, but if they have indeed received death threats, the police should take them seriously. There certainly are people who would like to do some serious harm to the Acourt brothers, and as citizens entitled to the same rights as the rest of us, they should be protected.

Safe havens

## Astonishingly, Mr Adams and Mr Trimble share a common aim

TODAY, 10 MARCH, was supposed to be the day when power was transferred from London to a brand new institution in Belfast, thus opening a new era in which ancient Irish quarrels might move from the streets to a purely political arena.

It hasn't worked out like that, for the unsurprising reason that the old issue of decommissioning remains unresolved. So there has been yet another postponement, with a new deadline set for the end of the month, when the peace process may either move on or fall apart.

Somebody once said that war was 95 per cent tedious and 5 per cent sheer terror. They might have been talking about the peace process, since its history is one of periods of lull and stasis, interspersed with periods of white-knuckle turmoil.

Most of the deals that have kept it going have been concluded in intensive, last-minute bursts of negotiation involving not just local parties but also the London and Dublin governments, and very often Washington as well.

It seems destined to be like this yet again, for all the experience is that bringing unionism and nationalism together requires a chemical reaction which occurs only when considerable external heat is applied. Finding an accommodation this time will require the application of a fair amount of heat to both David Trimble and Gerry Adams, for at this moment their stances are simply incompatible.

In some ways the positions of the two men can appear as a mirror image. Both are leading their respective movements, republican and

**DAVID MCKITTRICK**  
*The existence of this unity of purpose will be worth remembering in the turbulent weeks ahead*

balanced, which means that the leader of the Unionist party must forever watch his back against Paisleyite raids and the danger of defections. The Trimble response to this has been to do little that is audacious, and essentially to proceed at the speed of the slowest ships in his convoy.

On the Catholic side, by contrast, enthusiasm for the peace process remains unfettered and virtually unanimous. Republicans and nationalists, in general, want decommissioning speedily sorted out and the executive speedily set up.

Furthermore, both Dublin and the SDLP have of late significantly shifted their positions and now lean more towards the Trimble position on decommissioning.

There is this nationalist unity of overall purpose and, at first sight,

more flexibility on the arms issue. So why do the republicans keep maintaining that there won't be decommissioning? Since the generality of nationalism appears to be as pragmatic as ever, the answer seems to lie within the IRA.

For some years it seems that, although Adams has been given the go-ahead for his many political innovations, it was always made clear that the issue of decommissioning was the IRA's final redoubt. The word was, "Try new things, yes - but not one bullet, not an ounce."

We know little of the internal machinations of the IRA: but viewed in this light it may be that holding out on decommissioning has been a cement in holding the republican movement together, and pretty well intact, while it has manoeuvred towards politics. If Adams and company judge that decommissioning would now split the movement, then decommissioning will not happen.

At this point the concept of the mirror image appears again, for both Trimble and Adams face the risk of splits in their movements and both look uncomfortably close to the limits of their negotiating positions.

We can see why many supporters of the peace process regard decommissioning as an absolutely noxious issue, since it effectively acts as a tacit rallying-point for hardline unionists and hardline IRA elements. Both, from their completely different standpoints, can use it in their common purpose of attacking the peace process.

With the issue still unresolved, today's target date thus joins the list

**QUOTE OF THE DAY**  
"You can almost say 'teacher' and you know that person will not be voting Conservative."  
Michael Portillo,  
former Tory cabinet minister

**THOUGHT FOR THE DAY**  
"Necessity knows no law."  
Publius Syrus,  
first-century Roman dramatist

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*The New York press on the death of Joe DiMaggio, the Yankees baseball player*

WE DEIFY, though we know the dedication often kills, as in the cases of Elvis Presley, Princess Diana and John Lennon. Even when the recipient's life is spared, the fame and idolatry poison and injure. There is no doubt in my mind that DiMaggio suffered for being DiMaggio. We inflict this damage because we are enthralled by myths, stories and allegories. The son of Italian immigrants, the father a fisherman, grows up poor in San Francisco and becomes the greatest baseball player of his day, marries an American goddess and never in word or deed betrays his legend and greatness. He is "the Yankee Clipper", as proud and masculine as a battleship. In these days of Presidential transgressions and apologies and prime-time interviews about private sexual matters, we grieve for Joe DiMaggio and mourn the loss of his grace and dignity, his fierce sense of privacy, his fidelity to the memo-

ry of his wife and the power of his silence. (Paul Simon)  
*The New York Times*

FOR 15 glorious years, Joseph Paul DiMaggio was the pride of New York. Yankees fans of all ages idolised him and wanted to be like him. They cheered when he married Marilyn Monroe and felt his pain when the marriage disintegrated. After his retirement, he zealously guarded his privacy - even in an age when he could have made a fortune by writing a tell-all book - yet still remained a public figure. Glorious though they may be, we now only have our memories of the Yankee Clipper. Joltin' Joe has left and gone away.  
*New York Post*

MAYBE MICHAEL Jordan will be the one someday. Maybe, when the young are old, when Jordan is in his eighties, he will be the standard against which all other grace is measured, the way it was measured against Joe DiMaggio for more than 60 years in America. The way singers are compared to Frank Sinatra, and dancers to Astaire. Just not today. The great DiMaggio is still the standard today. We still measure all possible grace in sports against him, in death as we did in life. (Mike Lupica)  
*New York Daily News*



## PANDORA

IT WAS a people's budget, so Pandora asked some people what they wanted from it. Mrs G Brown of Cambridge: "I hope they don't stop the married couples' allowance." Brown's Night-club: "We want 24-hour drinking and the legalisation of cannabis." The Brownies: "To encourage schools to hire rent free premises, enable local authorities to put more resources into the guide movement, and full VAT recovery for charities."

BACK IN the crazy world of Gordon Brown, his glamorous beloved, New Labour power-broker Sarah Macaulay, was having "a normal day at the office", according to an aide, "but the TV will probably be on." Outside the charmed circle, former Brown mouthpiece Charlie Whelan was undoubtedly preparing for his new Radio 5 Live show Sunday Service next month. One idea getting its tyres kicked is a strand called *Who Wants To Be an MP?*, in which prospective parliamentary candidates are quizzed about their putative constituencies. Does this mean Whelan will be asking hopefuls for Hartlepool whereabouts in London they'll live when they win?

PANDORA'S TOP ten suggestions for Budget 2000:

1. Gordon Brown to open Budget address with voter-friendly statement such as "The following is complete fiction - I have been handsome and popular my whole life." While everyone's puzzling this, slip in 200 per cent corporation tax hike.
2. Relocate Lawrence Five suspects to Falkland Islands in bid boost trade with Argentina.
3. Distract pesky Tories from imminent social security scrutiny by staging "spontaneous" photo-op with Tara Palmer-Tomkinson.
4. Improve presentation by putting Eric on web-cam to announce New Labour's "more challenging" policies.
5. Fiona Hamilton: everyone's saying she's "the new Charlie Whelan".
6. Miras to be replaced by Mirage, an exciting New Labour Euro-initiative whereby long-term unemployed, juvenile bail bandits and transient asylum seekers are transported indefinitely to Yugoslavia to build a large wall around Kosovo.
7. Tax Furbies.
8. Generous breaks for those prepared to house Kate Moss, Naomi Campbell and other superannuated supermodels.
9. Appoint Chris Tarrant Minister

for Wealth Redistribution; off-message MPs to be subjected to rigorous on-camera probe about their knowledge of New Labour economic policy; those who cannot answer all questions suffer instant "wealth adjustment".

10. Convert Millennium Dome into giant casino-cum-laundromat in recognition of Britain's real global economic role.

WHODATHUNKIT?  
ELIZABETH BURY  
(pictured) enjoys needlepoint.

JUST AS couture houses are trying to rein in supermodels - witness Donatella Versace's recent spat with Naomi Campbell and Kate Moss - so film studios are similarly seeking to control stars' spiralling salaries. Latest victim is ageing love god Warren Beatty. Hollywood honchos are tearing their hair out and putting tooth marks in Philippe Starck desks over *Tom and Viv*, the new Beatty vehicle which co-stars the wonderful Gary Shandling. The £40m budget swells daily, with no end in sight insiders say. Part of the problem faced by producer Simon Fields is that three months into shooting Beatty demanded a change of attitude for his character. The only man for the attitude adjustment was Beatty's buddy script doctor Buck Henry, rumored to be on \$1m golden hello plus \$100,000 a week while cameras roll. Nice work if you can get it.

OL ARCHER, where do you think you're going?  
London's second-lowest mayoral aspirant seemed to be cruising and schmoozing one particular table at Le

Caprice in London's Piccadilly last night. Then Joanna Lumley casually drifted past it to stretch her legs as the itinerant Tory MP David Faber cast meaningful glances at the party of five. Among the four women and one lucky guy sat this week's cynosure Monica L. She wore trademark black trousers and a demure long-sleeved orange top. A Pandora spy asked the cloakroom if Marilyn Monroe had checked a fur coat. "No," the signed the hat check girl. "It's a wrap."

Contact Pandora by e-mail on pandora@independent.co.uk

## Wanted: cute puppy with helmet



SUE  
ARNOLD

In the Eighties I started the group Stop Hounds in Towns for obvious acronymic reasons

If I thought there was any point, I'd go to Crufts tomorrow and get my mother a dog. She's desperate for another one. There is, however, absolutely no point in my schlepping myself all the way to Birmingham because she wants a mongrel. Not just any old mongrel, either. If she can't have one like Boy, then she wants one like this, please, and into my hand she thrust a large, pink, greetings card saying "Happy Birthday Granny" above a picture of a sickeningly cute puppy, straight out of *Lady and the Tramp*, and wearing a policeman's helmet.

I'd better tell you about Boy first. He was Uncle Archie's dog, a big, friendly, black mongrel, mainly Labrador with a touch of collie. I think, who arrived one morning unannounced at Uncle Archie's door and moved in. For some inexplicable reason, I liked Boy. I say this because my aversion to most of the canine species, apart from guide dogs and working sheep dogs, is well known. It was years back in the early Eighties, when I started the pressure group Stop Hounds in Towns for obvious acronymic reasons, but that was because I had small children who didn't look where they were going. Getting them to school every morning with clean shoes was a nightmare. One of Boy's more radical aims was to make it compulsory for all dogs to wear licence plates like cars, possibly branded on to their foreheads and backsides with hot irons. That way, at least, you could take their number and report them.

Sorry, I'm getting carried away. I was telling you why I liked Boy. Uncle Archie's big, black dog, so much. Well, for a start they lived in the country and I have no quarrel with the rural dog. The other thing about Boy was that he knew his place. He didn't leap up at you, two paws on your shoulders, malodorous breath panting in your face, demanding attention. Nor did he roll over on his back in that revolting way dogs wave their legs in the air and expect to be tickled. He was a grave dog with wise eyes who spent most of his time sitting quietly at his master's feet while Uncle Archie read *The Daily Telegraph* from cover to cover in a Georgian winged chair, rising only to pour himself another cup of tea.

When Uncle Archie died, my mother, who had by now moved into a brand new granny annexe in our tiny, roses-round-the-front-door country cottage, offered to have Boy as a guard dog. Living alone in an isolated wood made her nervous. It was not enough to install iron bars

and triple-glazing at every mulioned window, or Colditz-style searchlights on every chimney pot. She wanted a dog who would bark at intruders, maybe even bite them.

That is when I realised the other reason I liked Boy so much. He never barked. I don't believe that he knew how. When the bulky, black, menacing figure of the coal woman appeared at the window to ask how many tons of best quality smokeless my mother had ordered (yes, we had a coal woman, not a coalman, though you'd have been hard pressed to tell the difference), Boy didn't budge. Grave and wise-eyed, he sat at my mother's feet as she read *The Daily Telegraph* from cover to cover in her Ikea rocking chair, rising only to pour herself another cup of tea.

And then last summer Boy died peacefully in his sleep. Inconceivable, my mother buried him under the apple tree and took the first train to London and Battersea Dogs Home to find a substitute. His name was Lucky and he was, by all accounts (I never met him) a lovable and loving dog, so loving in fact that when-

ever my mother moved out of his sight - to have a bath, for instance - he chewed everything at hand until she returned. He had amazing teeth. Curtains, coal, tables, televisions, irons, Hoovers: he chewed the lot. In the end, my mother had to take him everywhere with her and even then it didn't always work. Keeping vigil beside her bath, he would absently start chewing the soap.

The final straw was when my mother left him in the car for half an hour while visiting a friend who is allergic to dogs. On her return, she found Lucky finishing off the last seat-belt, having demolished the seats down to their springs and pretty much everything else except for the sticker on the rear window saying "I have given a home to a Battersea dog", at which a small crowd of onlookers were peering with interest. Lucky was taken reluctantly back to Battersea and my mother, as I said earlier, is now desperate for another dog.

So where's that birthday card? Wanted: one sickeningly cute mongrel puppy with helmet.

## If we paid our fair share in Nato, we'd have more say



RUPERT  
CORNWELL

It is preposterous that Europe does not contribute more to its own shared defence

LET THE junketing begin. Stealing a month's march on the anniversary itself, which falls on 4 April, our own Royal United Services Institute this week has been holding the first celebration, a three-day conference entitled "Nato at 50", which concludes today. Holding forth in one of London's most magnificent settings, beneath the Rubens ceiling in the Banqueting House in Whitehall, the A-list of Western defence ministers and military brass has been waxing, as appropriate, self-congratulatory, reflective, and visionary on the future of what it is customary to describe as "the most successful alliance in modern history".

In America in a few weeks' time there will be more of the same: a set-piece birthday summit in Washington, a ceremony at Fulton, Missouri (of Winston Churchill and "Iron Curtain" fame) marking the entry of Poland, the Czech Republic and Hungary as new members, and finally promulgation of a mission statement - or "strategic concept" as it is more properly known - setting out what Nato should be up to for the next half-century.

Bill Clinton, the driving force behind enlargement, can be counted upon to use the occasion to talk up his otherwise modest foreign policy achievements, and to promote his desired successor Vice-President Al Gore. But this is a party that could go terribly wrong.

In the first place, of course, there is Kosovo. Conceivably everything will be well by April: faced with the threat of bombing, Belgrade have given their grudging consent to the peace deal, and Nato peacekeepers will be running the Serbian province, as they have Bosnia for three years, as a quasi-protectorate. But, if not, either punitive air strikes will be in full swing, or war on the ground will have resumed - either eventually proving that an alliance that saw off the Soviet Union with-

out firing a shot in anger is incapable of settling a squabble in its own backyard. Which leads to larger and even more troubling questions: What is Nato for? And do we and the Americans need it at all?

We know what it was for, of course, back in 1949, at the start of the Cold War: to protect the security of non-Communist Europe - in the famous coining of the time, to "Keep the Americans in, the Germans down and the Russians out". But now? The Russians are not so much out as down and out. The Germans are neither down nor out, but melded into a wider Europe that is as rich as America itself. America meanwhile is still in, and insistent that it provides most of Nato's muscle, it will call the shots.

As for wars, the most visible ones around the North Atlantic these days are commercial and economic, in which Europe and the US are not allies but adversaries. Today bananas and landing rights for Concorde; tomorrow, quite possibly, a struggle for supremacy between the dollar and the euro that could shake the world's financial order to its foundations.

And more subtly, this rivalry is reflected in the argument over Nato's future. With Europe's problems (pace Kosovo) wrapped up, Washington argues, let us move "out-of-area": if not to Sierra Leone and East Timor, then at least to regions that about Europe, such as the Middle East and the Caucasus, and in which it has a strong security interest. Nato would also adjust its focus to the threats of the post-Cold-War era, such as drugs-trafficking, terrorism and the illicit proliferation of nuclear, chemical and biological weapons - a function that perforce would transform it into a kind of global policeman.

Europe, though, is chary. One reason is sheer parochialism, the result of a half-century-long dependency culture in security matters, when the problems that mattered were automatically handled by the US and the old continent quietly got on with making itself rich. But another and altogether more legitimate worry is at work: that "out-of-area" would turn the alliance into an alternative to the United Nations, operating at the behest of a Washington whose impatience with the UN and all its works is well known.

Nato, in other words, would simply become a vehicle for implementing America's global policies, unencumbered by such niceties as Russian and Chinese vetoes. And this is why Italy and France (not to mention Russia), are so uneasy about bombing Yugoslavia - treating, as it does, a universally recognised part of its sovereign territory without the prior approval of the UN.

But if Nato's original job is done, and "out-of-area" causes so much grief - then why not wind the whole thing up, just as the Warsaw Pact was wound up, and turn the April festivities into a nostalgic retirement party? Instead of Nato, why not different alliances to deal with different problems on an ad hoc basis?



Nato Supreme Allied Commander General Wesley Clark (left) with General Klaus Naumann

But this, too, is a non-starter. For one thing, it would be grossly unfair and insulting to the three newcomers. The Russian threat may have been extinguished for a generation; but membership is the very least we owe Poland, Hungary and the Czech Republic. They are surely due a copper-bottomed guarantee that, after a 20th century of invasion and occupation, from West as well as East, they are finally part of an Atlantic security structure.

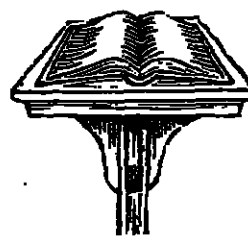
But ending the alliance would also be wrong for another reason. For Nato has another, less obvious virtue: it protects its members from themselves. Had they not belonged to the alliance, Greece and Turkey would surely have gone to war at least once in the last half-century, over Cyprus, Aegean rights or whatever. Something similar applies to the growing frictions between the European Union and the US.

It may be fashionable to see Nato as another arm of American imper-

alism, one more forum in which an arrogant, unchallenged superpower imposes its will. In truth, though, the present shape of the alliance has less to do with Washington's bullying than with a chronic European lack of self-confidence.

It is preposterous that Europe does not contribute more to its own shared defence. If it were to begin doing so, then a greater share of the burden would entitle it to demand changes in the command structure, just as the French not long ago requested. The Anglo-French agreement last December in St Malo, which could become the kernel of a genuine European defence identity, was an overdue step along a path that could, and must, lead to a Nato that is a partnership of equals. If the Americans don't like it, then too bad. But if next month's Washington jamboree produces the recognition that something along these lines is needed, the birthday party will have been worth it.

## Europe started the 'banana war'



PODIUM

RITA D HAYES  
From a speech by the  
US representative to  
the World Trade  
Organisation on the  
banana imports dispute

AS WE have announced, the US actions under discussion today ensure that the United States will be able to implement the arbitrators' decision. Our President addressed the issue over the weekend and I think his statement is appropriate for all of us today. The President said: "It's not really about bananas, it's about rules. We cannot maintain an open trading system, which is essential to global prosperity, unless we also have rules that are abided by."

This is the second time this year that the EC has requested a meeting of the General Council to claim that the US is acting outside the bounds of its World Trade Organisation (WTO) obligations. But let's take a moment to remember why we are really here.

As the President said, the reason is because the EC has failed to implement a WTO-consistent banana regime within a reasonable time. We wouldn't be here today if the EC had simply brought its bananas measures into conformity with its WTO obligations.

We also wouldn't be here today if the EC had shown

some respect for the plain meaning and purpose of the WTO dispute settlement system. The real danger of undermining the WTO dispute settlement system lies in the European Commission. Unfortunately, the community hasn't got the message that it has to implement the results of dispute settlement proceedings even when it is not convenient for the community.

The EC has repeatedly claimed that its banana regime is consistent with its WTO obligations. If the EC is correct and is really convinced that the arbitrators will determine that no benefits accruing to the United States have been nullified or impaired by the regime, the EC should encourage its exporters to continue shipping to the United States.

The United States has said repeatedly that we will comply with the arbitrators' decision. We reaffirm that here today.

Therefore, if the EC's banana regime both is WTO-consistent and causes no nullification or impairment of US benefits, the EC can and should be confident that its goods will not be subjected to any increased duties at the

Settlement Body recommendations, and is in the process of implementing a fourth. Members other than the EC have also implemented adverse DSB recommendations. But what has the EC done other than put itself outside the WTO dispute settlement system by refusing to implement a WTO-consistent banana regime, and attempting to abuse the procedures of the Dispute Settlement Understanding?

Some have asked why we have taken these steps now, and why we do not wait the two weeks or so until the arbitrators' report is due. Mr Chairman, we have waited seven years, as the EC has tweaked its system a bit here, a bit there and, when found non-compliant, has tweaked yet again.

Not only has the EC used every single delaying tactic available under the rules of the system, but it has also invented new gimmicks along the way - all as a result of its compulsion to stall for time.

The creativity and ingenuity shown by the EC in this endeavour have been impressive. The EC has also demonstrated that it is willing

to take tremendous risks with the system. The energy that the EC representatives have shown themselves capable of in this destructive enterprise, is something to wonder at. It is a pity that the EC could not have used all of this talent and energy to bear on developing a WTO-consistent regime that could resolve the banana dispute. If the EC had done so, Ambassador Abbott could have justifiably claimed that the EC, too, has made an investment in the dispute settlement system.

Finally, in closing I acknowledge Ambassador Abbott's comment that this is a serious matter. I also note his comment about "if the cap should fit..." I've raised three children and his remark about caps put me in mind of my reading of the well-known Dr Zeuss book, *The Cat in the Hat*. The EC reminds me of the "Cat in the Hat" who delighted in leading others into mischief while escaping the consequences himself. It seems the EC, after its long history of evading its WTO obligations in this area, is uncomfortable that at the end of the day it may be held accountable.

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Joe Miles 1550







# Harry Blackmun

HARRY BLACKMUN was perhaps the most striking example of an increasingly common figure on the modern United States Supreme Court – a justice chosen in the belief he is a safe conservative, but who over his career on the bench moves steadily to the court's liberal wing.

Blackmun was selected by President Richard Nixon on 14 April 1970, after the Democrat-controlled Senate had rejected two earlier nominees to fill the seat vacated by Justice Abe Fortas, who had resigned under pressure almost a year earlier. At that time Nixon did not hide his desire to create a more right-wing court after the libertarian activism of the Earl Warren era.

Warren Burger, Blackmun's childhood friend from Minneapolis and a proven conservative jurist, had just been elevated to Chief Justice, and the Republican President wanted another "strict constructionist" – i.e. a judge who follows the narrowest interpretation of the constitution – to seal the desired new complexion of the court. Blackmun, a cautious federal appellate judge, seemed to fit the bill perfectly. On 12 May 1970 he was sworn in, the 98th man to sit on the highest bench in the land.

But within three years he had earned himself a place in history by writing the landmark *Roe v Wade* ruling which for the first time confirmed a woman's right to have an abortion. With the passing years, the "conservative" emerged as the most liberal voice on the high court.

In 1992, two years before he retired at the age of 86, it was his casting vote which preserved the abortion ruling by a 5-4 margin. And, almost at the very end of his tenure, Blackmun took the most unusual step for a sitting justice of making public his position on a burning issue of the day, in this case his opposition to capital punishment under all circumstances.

Had Nixon and his advisers looked a little closer, they might have predicted what would happen. Blackmun's political leanings might

have seemed Republican. But his ancestry, largely German and devoutly Methodist, suggested caution and humanity. Minnesota, the state in which he grew up, has always been one of the most progressive and tolerant in the US. While his closest friend at elementary school, a colleague on the local newspaper round and lifelong tennis partner might have been Warren Burger, Blackmun never hid his sympathy for Hubert Humphrey, elected Mayor of Minneapolis in 1945, and later US Senator, Vice-President, and the unsuccessful Democratic opponent of Nixon in the 1968 race for the White House.

Humphrey, it is said, was at least

*Blackmun took the unusual step for a sitting justice of making public his opposition to capital punishment under all circumstances*

as responsible as Burger for the appointment in 1959 of Blackmun, then general counsel for the Mayo Clinic in Rochester, Minnesota, as a federal judge on the eighth circuit of the US Court of Appeals, seated in St Louis, Missouri. Blackmun's judgements, covering a swathe of the Midwest from North Dakota as far south as Arkansas, also gave a taste of what was to come. Though he was regarded as conservative on matters of crime, and considered a supporter of capital punishment, he was liberal on other matters. Among

his appellate rulings were that the Communist Party be allowed on the Minnesota state ballot, that the leather strap be banned as a punishment in Arkansas jails, and that the state speed desegregation in its schools.

The new associate justice of the Supreme Court therefore had given clues as to what he might be about. And as with other justices before and since, Blackmun found his elevation a liberating experience. The appointment after all was for life. A justice might be picked by a President, but thereafter his only duty is to the law and his own conscience, not to a patron or political party. Slowly, Blackmun's personal philosophy became clear, as a dogged defender of civil rights, and a firm believer in the separation of church and state. By the late 1980s, he and Thurgood Marshall were the most reliable liberal standard-bearers on the court. By 1993 he was the sole dissenter to a court ruling denying asylum hearings to refugees from Haiti.

Abortion however is the issue for which he will be ever remembered. The 1973 opinion, which occupied Blackmun for a full year, argued that the constitution protected "a right of personal privacy" that in turn covered a woman's right to end a pregnancy. Backed by a 7-2 vote, the ruling put an end to the criminal punishment for abortion which still applied in many states. But the outcome led directly to America's impassioned anti-abortion movement, and an emotive, sometimes violent, national debate which persists to this day.

He was the victim of hate mail and death threats. "Butcher of Dachau, murderer, Pontius Pilate, King Herod – you name it, I've been called it," Blackmun said later. As the court moved steadily rightward under the current Chief Justice William Rehnquist, abortion rights came under mounting threat. The 5-4 vote in 1992 just held the line however, and today, thanks to the appointment by President Clinton of the liberals Ruth Bader Ginsburg and Stephen Breyer to the court, its position seems more secure than for many years.



Blackmun was Associate Justice of the US Supreme Court from 1970 to 1994

Corbis

position seems more secure than for many years.

Controversy did not sit naturally on Harry Blackmun's shoulders. He was a modest, quiet man, with a dry and understated humour. He was meticulous of habit, of the sternest integrity, possessed of an encyclopaedic memory and a Stakhanovite work ethic. But he never lost sight of the real-life, practical impact law-making had on ordinary people. Hence perhaps his inner struggle over capital punishment.

On the Eighth Circuit he would generally uphold the death penalty. But later his views changed, especially as capital punishment became more widely applied from the mid-1980s on. In a soft-spoken, deeply moving television interview, Blackmun spoke of the anguish of the hasty conference calls in which the justices had to decide appeals from convicts due to die within hours. Long dubious of the deterrent effects of capital punishment, he had, he said, become convinced that it was wrong under all circumstances.

Few minds were changed by his conversion. But that he acknowledged it in public exemplified the honesty and dignity of one of the most distinguished American jurists of his generation.

RUPERT CORNWELL

Harry Andrew Blackmun, judge: born Nashville, Illinois 12 November 1908; Associate Justice of the US Supreme Court 1970-94; married 1941 Dorothy Clark (three daughters); died Arlington, Virginia 4 March 1999.

## Steven E. Gilbert

STEVEN E. GILBERT'S great achievement in musicology was the marriage of high learning to what he steadfastly refused to regard as low culture. He wrote the first – and so far the only – book to deem the music of George Gershwin worthy of serious analytical attention.

The American musical establishment has always had a deep-seated ambivalence about Gershwin, dating from Gershwin's own move from Broadway to the concert hall. Gilbert would have none of it: he knew that the quality of Gershwin's music was not the result of a series of happy accidents and he set down to prove it. Indeed, by refusing to subscribe to the snobberies current in much of musical academia – his students at California State University, Fresno, were expected to examine rock music alongside their Bach and Beethoven – Gilbert threw analytical light on a range of styles far beyond what might conventionally be expected of a professor of music.

Gilbert's first degree was in mathematics, from the City University of New York in 1964. He then went on to Yale, to take an MM in 1967, an MPhil in 1969 and his PhD in music theory in 1970. Even to those early days Gilbert enjoyed the unorthodox.



Gilbert: the Gershwin style

When he first went to Yale, for the consultation session required for graduate students, he was faced with a committee consisting of the distinguished theorist Allen Forte and two important composers, Mel Powell and Quincy Porter, whose father and grandfather had been professors at Yale before him. Forte recalls Steve's response to the request that he play something at the piano – anything. He played a Rodgers and Hart song, which delighted Professor Powell and me and perplexed Professor Porter. This dual response to Steve was characteristic not only of his career as a graduate

student but also of his career as a mature scholar and musician. Some people just didn't know what to make of him.

It was through his studies with Forte that Gilbert became a "Schenkerian". Heinrich Schenker (1868-1935) was an Austrian music theorist whose writings have proved extremely influential in the latter half of the 20th century, particularly in American universities. Schenker's approach, Gilbert argued, was

useful in depicting basic melodic, contrapuntal, and harmonic structures. A Schenkerian graph will highlight the main melodic outline of a piece or song along with the large-scale progression of local key areas. At the same time, it will point out certain details – melodies, parts of melodies – that relate to the larger picture in some significant way.

Gilbert was to remain faithful to this methodology throughout his career: a sympathy that was to lead to a best-selling textbook, written with Allen Forte. Schenker himself never put down his ideas in a systematic presentation that could be used for teaching. Forte and Gilbert set out explicitly to fill that gap and their *Introduction to Schenkerian Analysis*, published in 1983, has been continually in print since then, forming part of the diet of thousands of undergraduate students.

*The Music of Gershwin* (1995),

which took 10 years to write, applied Schenker to what might have appeared, to some musicologists, an unlikely subject. Gilbert's aim was "to discern and delineate those structural traits that make the melodies of George Gershwin memorable" and he succeeded brilliantly in demonstrating the sophistication and skill that went into the composition of music that always strikes the ear as fresh, even (in the best sense) artless.

Gilbert's concern was to take his reader with him, and he explains as he proceeds, though inevitably the argument soon enters fairly thick theoretical undergrowth. When I once commented that it required considerable musical literacy to follow his exposition, his response was typically good-natured and generous. "In retrospect, a little less musical literacy on my part would have been more profitable."

Gilbert was an enthusiastic member of the Society for American Music, writing with especial understanding on the music of Carl Ruggles, the ultimate individualist outsider. Ruggles's no-nonsense honesty struck a chord with Gilbert, whose conservative-libertarian views frequently rankled with the woolly, leftist leanings of many of his

colleagues. American academia is a highly politicised environment, where dissent is often dismissed with illiberal narrow-mindedness. But Gilbert joined debate with gusto, particularly where he suspected some knee-jerk political correctness was impeding logical, reasoned thought, and politicised sentimentality disguised as bleeding-heart social conscience regularly attracted his good-humoured contempt.

However, his manner so skilfully balanced bluntness and courtesy that he always retained the respect of his intellectual adversaries.

Indeed, Gilbert's writing, even in a format as casual as the e-mail (and he was a prolific e-mailer), always sparkled with wit, and his generous personality was immediately communicative via the computer screen: hundreds of scholars all around the world – people who never met him – now feel they have lost a close, genuine friend.

His interests stretched well beyond his formal preoccupations. He was, for example, a former president of the Porsche Society and at the time of his death was considering starting a sideline in the restoration of antique fountain pens. He was also, as he put it, a "cocktail pianist",

and a concert reviewer with an invigoratingly independent mind.

The first chapter of his Gershwin book begins with a sentence that its author could have written of himself: "George Gershwin died young, yet he accomplished much, as if he knew he had little time." Having had a heart by-pass operation in his early forties, Gilbert was probably aware of the parallel.

At the time of his ridiculously early death, from meningitis, his intellectual vigour was undimmed, harnessed as ever to his catholic tastes: he was working on a book that applied his Schenkerian methodology to rock and pop music, based on one of his courses of lectures at California State University, Fresno, where he had taught since 1982; the manuscript may be far enough advanced to allow eventual publication. In the interim, *The Gershwin Style: new looks at the music of George Gershwin*, a collection of essays with a chapter from Steve Gilbert, appears this month.

MARTIN ANDERSON

Steven Edward Gilbert, musicologist: born New York 20 April 1943; married 1977 Patricia King (two sons); 1998 Lory Hoss; died Fresno, California 26 February 1999.

## Adolfo Bioy Casares

THE WRITER Adolfo Bioy Casares will perhaps be known best outside of Argentina as the friend and co-writer of Jorge Luis Borges, a friendship that began in 1935 and lasted a lifetime.

But Bioy Casares was a stylist and for this literary ability and for his considerable output, he won the Cervantes prize, Spain's equivalent to the Nobel prize, in 1990.

His main novel, *The Invention of Morel and other stories* (*La invención de Morel*), published in 1940 in Buenos Aires and by the University of Texas in 1961, won him the prestigious Buenos Aires Municipal Prize the following year. The book is now a classic in Argentine and Latin American literature. It is an exercise in the use of all the imaginative resources of the novel, eventually to result in a story about curiosity and ideas more than about events. Critics also place his *Dream of the Hero* (*Suño de los Héroes*), pub-

lished in Buenos Aires in 1954, and by Quartet in London in 1987 – which the film maker Sergio Renán took to the screen two years ago – as his best novel.

However, Morel has almost become a synonym of the author, as it was his best known. *Diary of the War of the Pig* (*Diario de la Guerra del Cerdo*), published in Buenos Aires in 1968, and by McGraw-Hill in New York in 1972) was the third of his main fiction titles.

Along with Borges, Ernesto Sábato and Manuel Mujica Lainez, Bioy Casares will probably remain, after the likes of poet Leopoldo Lugones and very few others, in the gallery of literary giants produced by Argentina in this century.

Bioy Casares said his life was about fantasy because in a country where politics had everything to do with personal whim, fantasy was the only reality. He enjoyed a way with words which at times seemed self-

deprecating. His writing had ranged from the sublime, in Morel, to the ridiculous, as in "A Brief Dictionary of the Posh Argentine" (*Breve Diccionario del Argentino Exquisito*, 1978). Solemnity, he once told a friend, is what people confuse with being profound.

Even in his old age, after the death of his wife, Silvina Ocampo, in December 1993, and before that of their only daughter, in a road accident, he was still able to conjure a mixture of mischief and scandal. Two years ago he published a collection of love letters from his youth. Unfortunately, when he went to London in the early Nineties to deliver the annual "Borges Lecture", organised by the Anglo-Argentine Society, he was too frail and ill to show much of that lifelong spark.

Born as the First World War broke out, but into a comfortable land-owning family, Bioy Casares started out studying law, then moved

to the school of philosophy and letters at the University of Buenos Aires. But he often said that what he enjoyed most was playing tennis. He played the game until he was 74.

This self-irony was almost out of style with the society he grew up in, but which he managed to manipulate to his own benefit. He belonged to a generation where the upper middle and wealthy classes indulged in extended travel to Paris, Rome and London and other European capitals which they felt were at the heart of the arts and literature.

His social group was for many years Argentina's establishment writers and artists who had as their core the magazine *Sur*, founded and led by his sister-in-law, Victoria Ocampo, better known than his wife, but considered the lesser writer of the two sisters.

His friendship with Jorge Luis Borges was not only long, but has entered Latin American literary

legend. With the pen names H. Buston Domecq, B. Suarez Lynch, and B. Lynch Davis, they produced a series of satires on contemporary customs and a series of crime stories.

Between 1945 and 1960, Bioy Casares and Borges ran a publishing venture which started with the writings in translation of Cecil Day-Lewis and included Joseph Conrad, E.G. Wells and Henry James. And together they compiled numerous anthologies and a series of annotated classics. As Borges increasingly lost his sight, Bioy Casares became his eyes in their joint output.

Surprisingly for an age that requires publicity to ensure glory, Bioy Casares generated attention by saying that he was not interested in fame. When he was asked why he had agreed to pose in a credit card (American Express) advertisement last year, his rejoinder was that he had been offered a very interesting



Bioy Casares: fantasy is reality

figure which he found extremely difficult to refuse.

ANDREW GRAHAM-YOOLL

Adolfo Bioy Casares, writer: born Buenos Aires 15 September 1914; married 1944 Silvina Ocampo (died 1993); one daughter deceased; died Buenos Aires 8 March 1999.

## Barbara Dodwell

BARBARA DODWELL was a medieval historian, editor and archivist of great distinction.

Her lifelong passion for the study of the past and its monuments owed much to the influence of her father, who served as Curator of the Madras Record Office before returning to England to the Chair of Indian History at the School of Oriental and African Studies in London University. It was to Bedford College in the same university that Barbara Dodwell went in 1931. But it was the medieval past which caught her attention. Her MA thesis on "The Sokenen of the Southern Danelaw", submitted in 1936, was awarded the first mark of distinction given by the university for 10 years.

After a number of years tending her mother, she was appointed to a lectureship at Exeter University before moving to Reading in 1948 where she remained until her retirement in 1977, being promoted to Reader in 1962 and acting as Director of the Graduate Centre for Medieval Studies from 1974 to 1977. She played an important part in developing Reading's reputation in the medieval field.

Dodwell was a much-loved and much-respected teacher. As Professor Sir James Holt recalls, "She was a fine lecturer with a voice which could shift from the soft and delicate to the emphatic and ironic as her mood and the subject-matter required." She knew how to be firm yet also encouraging with those in her charge, being prepared to spend much time guiding and helping students to fulfil their potential. She inculcated in others her own high standards of argument and exposition, an attention to detail, and a genuine love of the period.

Dodwell was brisk and business-like in the discharge of administrative duties, and observed the sometimes heated discussions of the changes brought about by the expansion of the department in the 1960s with an amused glint in her eye. She was also generous in the time and assistance she gave, especially to younger colleagues. Even as she prepared to depart for retirement, she guided me through the perils of



Dodwell: painstaking

teaching medieval social and economic history, and passed on useful materials as well as insights gathered over a long and committed career of academic service.

Norwich, where she was long the Honorary Archivist to the cathedral and its chapter, particularly reaped the benefit of her dedication. Nobody has known the archive as well as she did nor tended it with such care and intelligence. Historians of the future will be in her debt for her work with these records, as they will also for her own published research. Her strength lay in the precise and painstaking study of record materials.

This attention to detail will ensure that her contribution to medieval scholarship lives on for many generations to come, for her editions for the Pipe Roll Society of the *Feet of Fines for Norfolk and Suffolk* (1953, 1958) and *The Charters of Norwich Cathedral Priory* (1974, 1985) are masterpieces of their type. Moreover, she brought to publication several other volumes of the Pipe Roll Society during her period as Joint General Editor.

Her studies of the free peasantry of East Anglia helped us to understand the peculiarities of an area which was so central to the prosperity of medieval England. She also produced a number of important pieces on the history of the cathedral priory of Norwich, as well as giving much-needed attention to the history of medieval Reading.

Barbara Dodwell was one of those eternally energetic and young-minded people who never really retire. She was an indefatigable traveller as well as a knowledgeable gardener. Family was important to her: she was a splendid sister and aunt, with a tribe of nieces and nephews whom she greatly enjoyed. As a vibrant conversationalist and a perennial optimist, she was always a pleasure to meet. She was a sensitive and reliable friend, as well as, I am told, a demanding partner (and formidable opponent) at the bridge table.

ANNE CURRY

Barbara Dodwell, historian and archivist: born 17 April 1912; Reader in History, Reading University 1962-77; Director, Graduate Centre for Medieval Studies 1974-77; died Norwich 15 February 1999.

Joe 11/10/50



Barbara  
Dodwell

Barbara Dodwell, 87, died of cancer on March 8, 1999, after a long illness. She was born in 1912 and was a member of the Woodcraft Folk. She was a dedicated and active member of the Woodcraft Folk, a progressive educational movement for children and young people founded in south London in 1926. She was the first National Organiser. He joined the original group in 1926, aged 19, attracted by a philosophy based on democracy, co-operation and human rights, combined with a programme of outdoor activities, particularly camping and hiking. He adopted the folk name of "Koodoo" (after a South African antelope).

Henry Fair

FIFTY YEARS after the end of the Second World War, a retired education officer was surprised, and in retrospect rather flattered, to learn that he had been featured in a Gostapo hit-list. A Vassar professor researching in Potsdam had unearthed a file headed "Engraver in der CSR" in which he found the name of Henry Fair. The reason for Fair's inclusion was probably the part he played in organising the escape of 1,000 Czechoslovak children from the German occupation.

Fair was for 72 years a member of the Woodcraft Folk, a progressive educational movement for children and young people founded in south London in 1926, and was its first National Organiser. He joined the original group in 1926, aged 19, attracted by a philosophy based on democracy, co-operation and human rights, combined with a programme of outdoor activities, particularly camping and hiking. He adopted the folk name of "Koodoo" (after a South African antelope).

The emerging movement sought to avoid the military-style framework of organisations such as the Boy Scouts and Girl Guides, and was from inception for both sexes. Within a couple of years new groups were springing up in London, Bournemouth, Bristol, Bath and Leicester, as far as Sheffield and into Scotland.

When Fair gave up his job as a colour matcher in a paint factory to take on the post of National Organiser in 1936, his financial prospects appeared somewhat precarious. For the first seven years, his salary was dependent on a successful Christmas draw.

asked in Parliament requesting that the government look into the activities of the person who called himself Koodoo. Two thousand children attended the camp, including 800 Czechs, some of whom became orphans a year later when the Germans invaded their country. It was the Woodcraft Folk that the Czechs wrote, pleading for a lifeline. As a direct result, 1,000 children were transported to England, and 40 of them were taken in by Henry Fair and other Folk members.

He said later that the greatest reward of his life was when a large number of those children, by then in their sixties and seventies, gathered at a reunion in Prague in 1991 to visit the extermination camp where their parents had perished. A woman put her arm around his neck and said: "If it wasn't for you, I'd have been in there."

For a movement dedicated to peace - and also to opposing Fascism - the

Fair joined the Woodcraft Folk in 1926, taking the folk name 'Koodoo', after a South African antelope



Fair and typewriter at camp, circa 1937

Second World War presented an enormous moral dilemma. Three weeks before the outbreak of hostilities, Woodcraft Folk had been at an international camp in Belgium, British children forming friendships with German and Austrian youngsters.

Many Woodcraft Folk members, including Fair, chose to be conscientious objectors. The organisation became associated with the Central Board of Conscientious Objectors and Fair supported members at the tribunals held to decide whether objections were based

on genuine principles. Disruptions resulting from the war could have broken the Folk but much of the credit for rebuilding the movement is given to Fair. Another international camp was organised in Brighton in 1946, a fortnight after the introduction of bread rationing. Fair apologised to the Dutch leader for the meagre allowance of four slices per day, but was assured that in Holland they had learned to cook tulip bulbs.

He left paid work with the Woodcraft Folk in 1954 to be the Education Secretary of the London Co-operative Society

and, on retirement, moved to Bruton in Somerset. In 1984 he was presented with the Labour Party Certificate of Merit by Neil Kinnock, in recognition of his 50 years of service, and in 1987, the Henry Fair Appeal launched in celebration of his 80th birthday raised nearly 28,000 for Woodcraft Folk development.

JANET KAY

Henry Fair, educationist: born London 8 August 1907; married (two sons, one daughter); died Bruton, Somerset 16 February 1999.

Minos Kokkinakis



Kokkinakis: 50 years' persecution

MINOS KOKKINAKIS was no stranger to Greek prisons. As a Jehovah's Witness who refused to give up what he saw as his duty to try to convert his fellow citizens, an offence under Greek law, he was first sentenced in 1938. In all he would be arrested more than 60 times, tried 18 times and spend a combined total of six and a half years in prison.

But his case became a *cause célèbre* when, in May 1983, the European Court of Human Rights in Strasbourg ruled that his right to religious freedom had been violated and awarded him damages of 3.5m drachmas (some £10,000). "The 50 years of persecution was worth going through for this historic moment," Kokkinakis declared.

The landmark judgement, known as Kokkinakis v Greece, was frequently cited in similar cases of proselytism in Greece, leading to acquittals not just of Jehovah's Witnesses but of Pentecostal Christians and even a Buddhist.

Kokkinakis became a Jehovah's Witness in his twenties. In 1938 he was the first Jehovah's Witness in Greece to be arrested for violating the law against proselytism which had just been enacted under pressure from the Greek Orthodox Church by the government of the dictator Ioannis Metaxas.

Manolis Lionoudakis, a former teacher who had been sentenced to a year's exile on the Aegean island of Anargiros for

called: "The lack of food in the prison went from bad to worse. We became so weak that we could not walk. If it had not been for the Witnesses from the Athens and Piraeus areas who provided us with food from their depleted means, we would have died."

He was again sentenced in 1947 and in 1949, when he was exiled to the notorious prison island of Makronisos. He was among 40 Jehovah's Witnesses in a prison housing 14,000. "The soldiers, like members of the Inquisition, would interrogate each inmate from morning till evening. Words fail to describe the tortures they inflicted. Many prisoners lost their sanity, others were killed; a great number were left physically disabled. During those terrible nights while we heard the cries of those being tortured, we would pray as a group."

After surviving the hardships of Makronisos, Kokkinakis was arrested 10 more times in the 1950s and 1960s for proselytism, one of hundreds of Jehovah's Witnesses to be imprisoned on such charges.

The case that was eventually ruled on by the European Court in 1983 dated back to March 1986, when Kokkinakis and his wife Elisavet visited a home in Sitia on Crete, where they apparently tried to convert a woman whose husband was the cantor at a local Orthodox church. He informed the police, who ar-

rested the couple. They were charged with proselytism and sentenced in the criminal court of Lassithi to four months' imprisonment. The court declared that the defendants had intruded "on the religious beliefs of Orthodox Christians... by taking advantage of their inexperience, their low intellect and their nativity".

The Crete Court of Appeal later acquitted Elisavet but upheld her husband's conviction, although it reduced his prison sentence to three months. Kokkinakis persisted in his challenge to the ruling and after the Greek Supreme Court dismissed his appeal in April 1988 he took his case to the European Court. The petition was eventually accepted in February 1992 and the case was heard the following November in his presence. One of the nine judges declared that Kokkinakis had been convicted "only for having shown such zeal, without any impropriety on his part".

At his funeral service, one of his lawyers, Thanassis Reppas, told the large crowd: "Kokkinakis was the first person convicted for proselytism and he is the one who finally took this law to the grave."

FELIX CORLEY

Minos Kokkinakis, shopkeeper: born Sitia, Crete 25 February 1909; married (five children); died Sitia 28 January 1999.

ARCHITECTURAL NOTES

JAMES MACAULAY

Ham-fisted Gothic in Glasgow

SERIOUS COMMENTATORS on Glasgow's past architecture have been uniformly dismissive of James Adam's Barony Church. In the Glasgow volume of *Buildings of Scotland* it is described as "the ham-fisted Gothic Barony church built in 1703-1800 by John Robertson to designs by R. and J. Adam". However, the church was probably designed by Adam's nephew, John Robertson, who acted for him in certain Glasgow jobs. A poor press, early demolition and a paucity of published documentation have hitherto obscured rational observation.

The Barony parish was formed in 1595 and the parish stretched over eight miles from west to east and over four miles from north to south. According to one account, the Barony parish "surrounds the City of Glasgow so closely on three sides that in some places the houses are joined together, and in others one side of a street is within the Royalty, and the other within the Barony Parish".

When the parish was disjoined in 1595 from the High Church, occupying the pre-Reformation choir in the cathedral, the lower church was allocated as the place of worship and there it was to be for the next two centuries. The first minister of the Barony was Donald McKillovie and the last was the celebrated Dr Norman

Macleod, who was called in 1851.

In 1799 the foundation stone was laid and "The day being fine there was a numerous crowd attending". A manuscript in a sealed glass bottle deposited beneath the site of the west door, recorded: "James Adam of London, Architect; John Reid, Contractor; James Baird, Mason". No mention of Scott or indeed of John Robertson, the nephew of James Adam, who had died in 1794, although he has been cited as the builder.

The church was ready for occupation in 1801 when the kirk session met for the first time. The cost of the building had been set at £12,385 and to recoup some of that it was agreed by the heritors to sell to Mrs Rea Crawford of Milton "a Room fitted up in the north Turret of the Church above the Session-house" and another to the south of the staircase leading to the galleries to Hopkirk "for keeping the Books and Papers relative to the affairs of the Parish" while setting aside "the small room to the north of the session for the use of the Person who takes charge of and sweeps the Church".

But what of the significance of the Barony Church? Before it no more than half a dozen Gothic Revival churches had been erected in Scotland and of these the Barony was not only the largest but also the most developed styl-

istically. In Britain there were few if any architects who commanded at the close of the 18th century such a repertoire of knowledge of Gothic architecture.

As a young man James Adam had shown a precocious interest in what would be termed rococo Gothic and had admired Heriot's Hospital in Edinburgh for its "regular Gothic". In practice the Adam brothers had renovated Alnwick Castle and had worked on numerous commissions for castles, especially in Scotland.

Although James Adam's role in the Adam enterprises has been obscured by the shining talents of Robert nevertheless he was a sophisticated designer. One need only turn to his known works in Glasgow, the college buildings on the High Street and the Tron Church, as evidence.

Perhaps, therefore, the general condemnation of his Barony Church arises in large part because of the many treatises on Gothic architecture which, appearing in the early 19th century, gave new standards of scholarship combined with a seriousness of intent against which earlier products failed irremediably. Such was the fate of James Adam's church.

Dr James Macaulay is the author of *Glasgow School of Art: Charles Rennie Mackintosh* (Phaidon, Architecture in Detail, £19.95).

Official receiver acts as a litigant in person

WEDNESDAY LAW REPORT  
10 MARCH 1999

Official Receiver v Brunt and others  
Court of Appeal (Lord Justice Aldous and Lord Justice Sedley)  
2 March 1999

itor) for the official receiver: Peter Martin (Needleman Trean) for the first respondent.

Lord Justice Aldous, handing down the judgment of the court, said that the office of official receiver had been created by the Bankruptcy Act 1883. For present purposes the duties of the official receiver were to be found in the Insolvency Act 1986.

Section 7(1) of the Company Directors Disqualification Act 1986 gave the official receiver *locus standi* to move for a director's disqualification, and rule 10 of the Insolvent Companies (Disqualification of Unfit Directors) Proceedings Rules 1987 gave official receivers and deputy official receivers the right of audience in any proceedings to which the rules applied. Section 1(1) of the Litigants in Person (Costs and Expenses) Act 1975 provided for the taxation or other determination of any costs of a litigant in person which were ordered to be paid by any other party to the proceedings.

The office of official receiver was not a prerogative office under the Crown, nor was it

made by statute a Crown office. It was a statutory office. Although it was generally occupied by individuals who had until their appointment been civil servants within the Department of Trade and Industry, and although they continued by law to act at and under the direction of the Secretary of State, they ceased on appointment to be civil servants in the proper sense of servants of the Crown employed in the business of government within a department of state.

As the holder of a statutory office, each official receiver was empowered to bring proceedings including disqualification proceedings in his or her own name, and was accorded by law a right of audience before the court. The legal and physical fact in a case such as the present was that the official receiver was empowered by law to act without representation in certain civil proceedings. When he or she did so, the description "litigant in person" was apposite.

In working upon the present case the official receiver had incurred costs over and above disbursements which were peculiarly in nature and amount to pecuniary loss. It followed, applying *Re Eastwood (deceased)*, *Lloyds Bank v Eastwood and others* [1974] 3 All ER 603, that RSC Order 62, rule 18(2) applied to the quantification of his costs and he should be allowed two-thirds of the sum which in the opinion of the taxing officer would have been allowed if he had been represented by a solicitor.

KATE O'HANLON, Barrister

GAZETTE

BIRTHS, MARRIAGES & DEATHS

DEATHS

DE NORMANVILLE, Peter. Peacefully on 7 March, after a long illness. A film maker of distinction and beloved husband to Sarah, dearly loved father of Sir and Lady Peter. Aged 87. Buried at St. Andrew's, London. An exceptional man who will truly be missed. Funeral at 11am, Sunday 14 March, at Golders Green Crematorium. Family flowers only please, but if you wish, donations to cancer research or the Marie Curie Clinic, Lyndhurst Gardens, NW3.

LYNCH, Martin, aged 71 years, on 6 March, peacefully at home in Penzance. Beloved husband of Janet and a devoted father of Alice. Funeral service on Friday 12 March at 3pm. Donations for the Howard League, and enquires, to David Walker, Funeral Director, Penzance (01736 38223).

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS are charged at £6.50 a line (VAT extra).

BIRTHDAYS

Prince Edward, 35; Sir Lawrence Airey, former chairman, Board of Inland Revenue, 73; Sir Robert Bellinger, former Lord Mayor of London, 88; Air Chief Marshal Sir Brian Burnett, 86; Sir Paul Condon, commissioner, Metropolitan Police, 52; Baroness Falkender, former Private and Political Secretary to Lord Wilson of Rievaulx, 67; Mr David Fall, ambassador to Vietnam, 51; Mr Fou Ts'ong, pianist, 65; Sir Angus Fraser, former chairman of the Board of Customs and Excise, 71; Dame Margaret Fry, former chairman, National Union of Conservative and Unionist Associations, 68; Mr Barry Gardiner MP, 42; Rear-Admiral Sir John Garnier, Extra Equerry to the Queen, 65; Sir Samuel Goldman, former senior civil servant, 87; Mr Terry Holmes, rugby player, 42; Mr Hugh Johnson, wine writer, 60; General Sir John Larnmont, former

Quarter Master General, Ministry of Defence, 65; Mr Anthony Leonard, chief constable, Humberside, 60; Baron Montague of Oxford, chairman, Montague Multi-national Ltd, 67; Mr Graeme Odgers, former chairman, Monopolies and Mergers Commission, 65; Mr Peter Wormald, former Registrar General for England and Wales, 63.

ANNIVERSARIES

Births: John Playfair, mathematician and geologist, 1748; Henry Watson Fowler, author of *English Usage*, 1858; Sir Beiderbecke (Leon Blum) Beiderbecke, jazz cornet player and composer, 1903. Deaths: Sir John Denham, poet, 1669; Charles Frederick Worth, fashion designer, 1885; Ray Milland (Reginald Truscott-Jones), actor, 1986. On this day: D.W. Griffith's film *In Old California* was released, the first movie to be made in Hollywood, 1916; Peter Twiss, test pilot, was

the first man to fly at more than 1,000mph, 1956; James Earl Ray (Eric Starvo Galt) pleaded guilty to the murder of Martin Luther King, in Memphis, Tennessee, 1969. Today is Commonwealth Day and the Feast Day of St Anastasia Patricia, St Attalus, St Codratus and Others, St Dorotheus or Drotta, St Hymelin, St John Ogilvie, St Kessog, St Macarius of Jerusalem and St Simplicius, pope.

LECTURES

Victoria and Albert Museum: Sally Dormer, "The Becket Casket", 2pm. Tate Gallery: Catherine Lever, "The Sick Bay at the Tate: Dalk, Hepworth and Damien Hirst", 1pm. Wallace Collection, London: W1: Joanne Hedley, "Genre Paintings in the Wallace Collection", 1pm. Royal Society of Arts, London: WC2: Dr Stephen J. Bull, "Might Bad Sportsmanship Produce Winners?", 6pm.

ROYAL ENGAGEMENTS

The Duke of Edinburgh, founder and chairman of the International Trustees of the Duke of Edinburgh's Award International Association, attends a dinner for the Benelux Award in Antwerp, Belgium. The Duke of York gives a reception for Under-standing Industry at St James's Palace, London SW1. The Duke of Gloucester, Commissioner, English Heritage, visits Bradbourne House, East Malling, Kent; and, as Grand Prior, Order of St John, opens the new St John Ambulance County Headquarters in West Malling, Kent.

CHANGING OF THE GUARD

The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; F Company Scots Guards mounts the Queen's Guard, at Buckingham Palace, 11.30am, band provided by the Irish Guards.

HEINZ is closing the Harlequin outpost of its world-wide operation, and The Grocer quotes its president Bill Johnson, who does not want the firm to be "a decentralised collection of unaligned autonomous affiliates". "Lexicology is scarcely the word for it, I remark to the Shakespeare scholar Katherine Duncan-Jones,

WORDS  
CHRISTOPHER HAWTREE

rust, n. who recalls that her father was a stickler for meaning: he fought a doomed battle over postgraduate (graduate is sufficient) - moreover,

when a helpful removal man pointed out some rust on a fire, he replied, "That's not rust, it's corrosion - it's non-ferrous metal." Rather than be dumb-founded, a canner removal man would have quoted Johnson on rust: "the red desquamation of old iron" and "the tarnished or corroded surface of any metal".



# You ask the questions

(Such as: Tony Banks, why did you cross your fingers when you swore the oath of allegiance to the Queen?)

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**T**ony Banks, 55, is MP for West Ham and minister for sport. He was born in Belfast, grew up in Brixton and now lives in east London. He entered politics by election to the Greater London Council in 1970 and remained at County Hall until its abolition in 1986. He has supported Chelsea FC for more than 40 years but cites "18th-century political iconography" as his main hobby. His political heroes are Charles James Fox and John Wilkes.

Since you are the British minister for sport, what are you doing to promote the sporting success of Scotland, Wales and Northern Ireland?

What do you miss most, from your time working with Mike Rutherford and Phil Collins?

Given the xenophobia, bigotry and racism that seem to go with English sporting success these days, isn't it a good thing that most of our sporting sides continue to be unsuccessful?

What does the Labour Government plan to do to tackle drugs in sport? What is your reaction to the IOC scandals?

I made it clear at the IOC conference in Lausanne last month that we expect the Olympic movement to clean up its act. Unless we are certain that the selection process is fair, honest and transparent, there will be no Government support for an Olympic bid.

What political books have had the most influence on you?

How do you reconcile the contradiction between the drive for non-competitive sporting environments championed by Labour Councils, and the enthusiasm for all things sporting (football, rugby and athletics) shown by the Prime Minister and your good self in recent years?

Do you often get mistaken for Lionel Blair?

Shouldn't you have telephoned Glenn Hoddle to get his side of the story before publicly saying he should resign?

What do you think the policy objectives of the new mayor of London should be in his/her first term of office?

Were you a good sportsman when you were younger? Which sports do you still enjoy?



I was useful at athletics and football but then fell foul of bread pudding and Woodbine cigarettes. I have long kicked both habits, but still enjoy both sports.

How is the Government planning to drive paedophiles away from football clubs to protect young players and fans?

seminars attended by voluntary groups to discuss possible amendments to the Sex Offenders Act 1997, the Government issued a draft code of conduct on child protection for voluntary organisations working with young people. This code of conduct gives advice and good practice on a range of issues, including how to conduct pre-appointment checks for convicted paedophiles, and what measures to introduce to minimise the risk of abuse of trust by those

over 16 - sports coaches, for example. We understand that the FA's child protection policies are based on this code of conduct.

Why do you believe that Mohamed al-Fayed should be given a British passport?

hang on about my 45 years of football reminiscences.

Why do you think chess should be made a recognised sport?

Is it true that you do not support the monarchy, and that you crossed your fingers behind your back when you swore an oath of allegiance to the Queen?

## NEXT WEEK

EILEEN DREWERY,  
FOLLOWED BY  
KEITH HELLAWELL

SEND ANY questions for Eileen Drewery, Glenn Hoddle's mystic adviser, and 'drugs tsar' Keith Hellawell to: You Ask the Questions, Features, The Independent, 1 Canada Square, London E14 3DL (fax 0171-293 3182 or e-mail yourquestions@independent.co.uk, by 12 noon on Friday 12 March

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Who is your favourite sportsman, and why?

Do you think that the Government's obsession with increasing the standard of the three Rs in primary schools will damage the standard of British sport at a grass-roots level?

Are you a supporter of fox-hunting? If so, why?

What did you hope to gain by describing the Tory leader, William Hague, as a foetus?

Is it true that you do not support the monarchy, and that you crossed your fingers behind your back when you swore an oath of allegiance to the Queen?

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**Legal Notices**

**THE CIRCUIT COURT**  
Record No. 13111

**DUBLIN CIRCUIT**  
COUNTY OF THE  
CITY OF DUBLIN

BETWEEN  
**EILEEN MURPHY and  
MAUREEN MCGUINNESS**  
PLAINTIFFS  
- and -  
**JAMES DOYLE and  
RICHARD DOYLE**  
DEFENDANTS

FAKE NOTICE by Order of the Circuit Court dated the 9th February 1999 leave to produce notice of these proceedings was given to the above named Plaintiff.

In these proceedings the Plaintiff is claiming title to property at 11 Brookwood Avenue, Artime, in the City of Dublin.

If either of the Defendants wish to dispute the Plaintiff's claim an Appearance to these proceedings must be entered at the offices of the Circuit Court, Artime, Dublin 7 within ten days from the date hereof.

Dated the 10th day of March 1999.

Richard McGuinness & Co.  
Solicitors for the Plaintiff,  
24 Sandrine Road,  
Dublin 12.

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**Legal Notices**

No. 001427 of 1999  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
IN THE MATTER OF HERBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED  
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 21st February 1999 presented to Her Majesty's High Court of Justice for the confirmation of the Liquidator of the share capital of the Company by the cancellation of 2,712,000 Redeemable Preference Shares of £1 each.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 17th day of March 1999.

ANY creditor or shareholder of the Company desiring to oppose the making of an Order for the confirmation of the said reduction of share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned solicitors on payment of the regulated charge for the same.

Dated this 10th day of March 1999  
WEIGHTMAN, Richard House, 1 Ramfoid Place, Liverpool L3 9QW, Solicitors to the Company

**CLAYTON ESTATES GROUP LIMITED**  
The law firm of Clayton, Thomas, Bates & Thomas, Solicitors, 100, Strand, London WC2R 0ET, is acting for the above-named Company.

**THE INSOLVENCY RULES 1986**  
IN LIQUIDATION  
**NEWSCOPE LIMITED**

NOTICE IS HEREBY GIVEN pursuant to Rule 4.10 of the Insolvency Rules 1986 that the Liquidator of Newscope Limited, 217, Regent Street, London W1B 4AL, is now accepting claims for the assets of the Company as at 2 March 1999 by members and creditors.

Dated 2 March 1999  
STEPHEN FRANKLIN, Liquidator

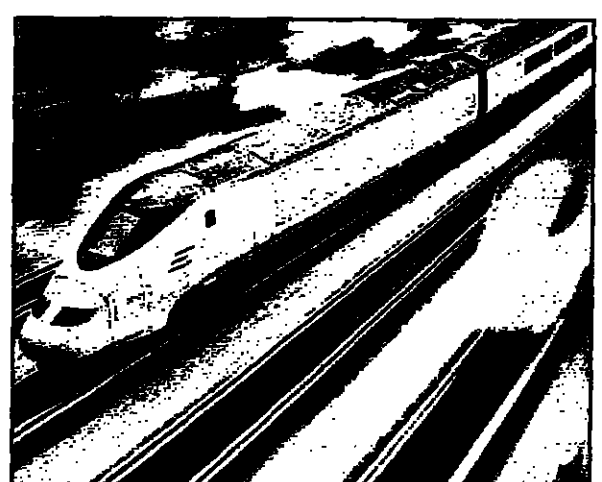
## THE IRRITATIONS OF MODERN LIFE

32. EUROSTAR BY DARIUS SANAI

IT IS extremely cool to like Eurostar. There's a lovely whispering, whooshing sound to tell you to sleep. The blurred view and the speed ("Are we really going that fast, Dad?") keep children in silent wonder for three hours. The trains are so convenient that Paris is almost as easy to reach as a suburb of London.

One Friday afternoon in 1990, in the pre-Eurostar days, my then girlfriend, who was from Brussels, rang to say she was ill and wanted love, comfort, and Lemip served to her by me. A passionate Fleming with little time for debate, she made it clear I was expected in Brussels that night, and that I was required to use any possible means of transport to get there.

It was around midnight when the ferry docked in Calais. The roads to Brussels were empty, my headlights illuminating evocative signs, Dunkirk, Ypres, Ghent, scenes of mighty battles and bits of schoolboy history which



Euro-travel by sanitised 'whoosh'

were now desolate woodland and farmlands. Soon after Ghent, a ferocious rainstorm hit and I slowed to a crawl, splashing through an empty, flooded roadway.

I reached Laurence's cosy flat in the Place Flagey at 3.20am, and when she looked at me and heard my tale her worry and fury dissolved into a warm embrace. We sat and drank Lemip until dawn.

This kind of journey became commonplace during the next couple of years. With the airlines too expensive or too full, the midnight drive through Belgium became a kind of madcomedy. The time on the ferry deck watching Dover disappear, the excitement of the Flemish motorway signs, were times of contemplation and the frisson of being alone in a faraway land.

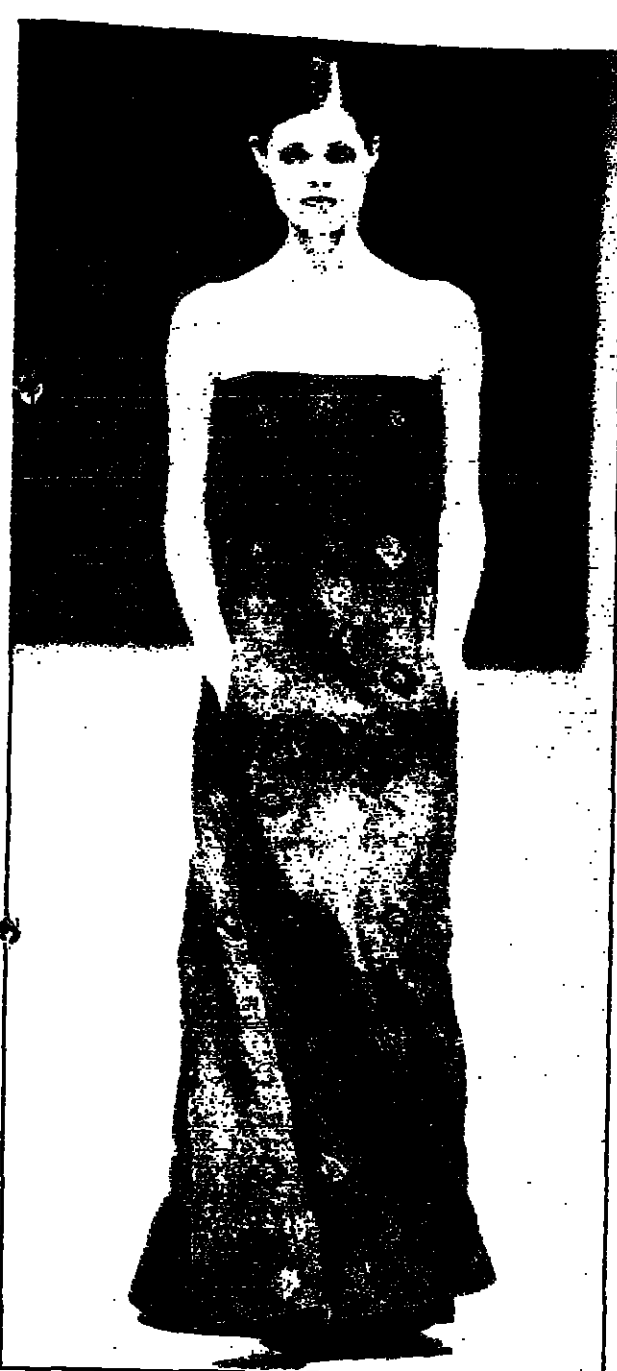
None of this would happen with Eurostar. We are now whisked to Brussels with clinical efficiency. Of course, I could still be a Luddite and take the ferry now, but

there is no point. That is what's so irritating. Having the Eurostar is like seeing a cable-car built to the top of the mountain you always used to hike up.

The Grand Place and the lovely little streets around it are now full of weekenders who wander round muttering about how much nicer Paris is than Brussels and using their mobiles to check the time of their connection to Amsterdam.

The three suits doing deals on their mobiles all the way from Waterloo (London) to near Waterloo (Belgium) had no inkling of any of the history, people, or scenery they were passing at 200mph. How many of them knew, or cared, about the tens of thousands of Great War dead in the soil around them? They certainly didn't stop and ponder life while watching the cliffs of Dover. The sanitised "whoosh" of Eurostar may well have brought Europe closer, but it's also lost parts of Europe - and parts of us - for ever.





MaxMara



Ferretti



Versace

Photographs: Chris Moore

# Look back in languor

The mood in Milan was gloss and glamour, with a hint of retro and some mud around the hem. By Susannah Frankel

Arriving in Milan only days after the London shows, you could be forgiven for thinking you'd landed on another continent. As you fly into the airport you can almost smell the money and feel the cashmere. London fashion concerns itself primarily with the nurturing of young talent in possession of new if not entirely financially viable ideas, but Milan has no place for such indulgences. In Italy, fashion is big business.

Here, magazine editors go from business breakfasts to lunches to teatime appointments, then on to dinners, with one powerful PR after another. Such extra-curricular activities are as important as the shows themselves. Milan is where the world's major advertisers gather for one week every six months, after all. Fail to keep the advertisers happy and, not to put too fine a point on it, that award-winning magazine might be headed for hard times.

There is, thankfully, a less blatantly commercial reason for attending: the Milan shows are also where the next season's trends are established. If the Pradas and Guccis of this world say that the only skirt to be seen in is mid-calf length, then so be it. If they say that the late Sixties/early Seventies is the era to plunder for inspiration, then six months later we'll all be wearing

those velvet bell-bottoms. And if the powers that be decree that sludgy hues - from ochre to olive and from mustard to, well, mud - are the colours of the season...

Blame Miuccia Prada, whose show was a veritable quagmire of such muted shades. Actually, it doesn't look as bad as one might imagine - it certainly beats lime green in complementing the average British complexion. If nothing else, a neutral background is essential to show off the new Prada shoe: buccaneer boots in flame, chartreuse and/or puce, with a heel that looks blocked from behind and pencil-thin from the side. These were ugly in the supremely modish way that only Prada can carry off.

The clothes themselves were more pleasing to the eye, with a sweet, pastoral feel softening a deliberately dowdy silhouette. Oak leaves were applied here, there and everywhere - Babes In The Wood Go Bond Street. Prada brought back chignon to her collection too - skirts, shirts and shirt-dresses, best in deep forest-green. Although she thinks nothing of sending her models out baring their all, once the clothes make the rails they'll thankfully appear rather more modest, produced in layers. Prada's autumn/winter skirt looked good mid-calf length and in burnt orange and olive, with a strip of purple-pink to confuse the eye. More clumsy were backless

breastplates suspended from thick straps and what can only be described as long-johns teamed with thermal-style cardies: even the world's most enviably beautiful wobbled unattractively in these.

MaxMara is a label that takes the season's trends and makes them more palatable. This season, its colour spectrum was similar to that adopted by Prada, minus the more virulent hues and with softer caramel and honey shades thrown in. The hippy-chic look that dominated last season's Milan collections was still in evidence, if more subdued: more Annie Hall than acid casualty. Full, floor-sweeping skirts in soft wool or suede worn with skimpy tops were lovely. Evening wear looked modern in the same winter-weight fabrics, appliqued with diamond patches of antiqued silver, bronze and gold at the hem. As always, MaxMara gave great coats. Full-length and narrow in softest cashmere, they looked most desirable.

Rock chicks dominated at Tom Ford's super-slick collection for Gucci and there was far less colour than in his spring/summer collection. Black is back, along with ruby, amethyst and emerald. Ford's trousers were indeed bell-bottomed and very skinny to the knee. Rather than being pure pastiche, they seemed entirely of the moment. Sleeves puffed from elbow to wrist were a new, pretty addition.

There was an awful lot of leather in the collection, which is just as it should be: the Gucci label made its name with leather. Skinny tops looked glossy and expensive, softened by a sweet leather rose at the throat or waist. Pannet velvet, too, was very much in evidence, in pretty bell-shaped or narrow, ruched skirts (a little too ironic for comfort, this one). The amount of fur in the collection - jackets, coats, gilets - was uncomfortable to the average British eye. The Italian market, of course, revels in the status. A pair of leather trousers with a mink-tail fringe, however, was taking this concept a step too far. The new Gucci belt is a leather thong, tied in a bow at the waist and about as thick as a riding crop. The Gucci shoe/knee-boot, meanwhile, is taller than your average sky-scraper - more than a few models fell out of theirs, which doesn't bode well.

Autumn/winter 2000 wouldn't be complete without a millennium-inspired space-age element. At Strenesse, the daywear was modern, understated and sexy. The label is gathering momentum as a less austere, more conventionally sexy option for the customer who's a bit intimidated by Jil Sander. But coated metal-mesh evening dresses and skirts seemed out of character and looked rather like designer tin-foil.

Sander herself sent out the seemingly requisite futuristic pieces too: but crinkly,

sparkling coats are not what people invest in the label for, nor is emerald-green rubber. Elsewhere, however, Sander didn't disappoint. Coats were the loveliest of the season: knee-length and moulded to the body in a complex web of perfectly executed seams. New this season were coat-dresses with dropped waistbands and pockets. We all want one. We don't want this season's Jil Sander shoes, though. Platform lace-ups in blue and green played havoc with the streamlined silhouette.

Dolce & Gabbana is a label unlikely to travel the sludge route. Instead, Italy's most famous design duo sent out a riot of clashing, even fluorescent, colour (tuchsia, lime, lemon and flame) and colliding prints (animal and floral), reminding their audience that fashion is a joyful business. The Dolce & Gabbana woman is not shy - she's a brazen designer hussy and proud of it. Skirts were shamelessly short, the silhouette saucy, right down to the shoes. Evening wear was truly beautiful, the jewelled evening coats in particular. They looked super-cool worn with skinny black jeans cut off below the knee - a relatively new and sassy Dolce & Gabbana signature.

Neither is Versace a label for shrinking violets, and this season's star-spangled glamour was good to see. Now in her fourth season as designer in chief, Donatella Versace has her work cut out. January's cou-

ture show may have been streets ahead in terms of fabric development, but was somewhat overshadowed by the influence of the young Brits. At her autumn/winter ready-to-wear show however, Donatella cracked it. A marine theme dominated throughout: there was coral, turquoise and mother-of-pearl trim on narrow trouser suits and body-skimming dresses. Floral tops, trousers and skirts looked at first as if they were knitted - actually they were constructed from rainbow-coloured caviar beads. For evening, Donatella had gone back to her Versace roots: exquisite bias-cut gowns in sea blues and greens.

Donatella had cleverly maintained and updated all her brother's signatures - and those beloved of the Versace customer. While a Gianni Versace sequinned trouser suit would have dazzled, Donatella's interpretation came in muted gun-metal grey. Signature chiffon sheaths, meanwhile, looked more contemporary worn over slim black trousers.

Elsewhere in Milan, Alberta Ferretti sent out beautiful layers of chiffon slip after chiffon slip, at their most modern peeping out from beneath felted wool coats. Antonio Berardi, meanwhile, rose to the challenge of showing in the Italian fashion capital with considerable aplomb, bringing a much-needed dose of bright, young blood to the proceedings. Hats off to him.



Gucci



Prada



Berardi



Jil Sander



Strenesse

# Stars in his eyes

When Patrick Moore puts down his telescope he picks up his xylophone beaters. Now, at 76, he has recorded a CD of his own works. By Ann Treneman

As events go, it was never going to be boring. Patrick Moore, Britain's leading star-gazer, was launching his first CD on the occasion of his 76th birthday. He had composed every track. It is an old-fashioned, light-music affair, with marches, waltzes and a surfeit of trills. The setting was the Windsor Suite on the seventh floor of London's Inter-Continental Hotel. Champagne and canapés were being served by people in maroon uniforms. Along one side of the room was a raised platform covered in dark green with frills round the bottom. On it stood what looked like a very large xylophone but which turned out to be a normal sized one (I had seen too many toy ones, clearly).

Most of the 30 people in this room were friends and there was no denying that we had gathered here in a dearly beloved kind of way. Everyone was tapping away to ferociously beating march music and swapping xylophone anecdotes. Then, before you could say John Philip Sousa, the man himself bounded into the room. "It's the birthday boy!" said Robert Vallier-Green who had organised the CD and the party as well as playing all the piano solos. "Moore! Moore!" came the chant. Then everyone sang Happy Birthday and Patrick Moore looked embarrassed.

"Seventy-six, isn't it awful," he said, looking at the floor. He is a large man but his blue suit was even larger. His monocle is dangerously independent and sort of dances round his right eye. "We are all waiting!" called Mr Vallier-Green. And with that, Patrick Moore bounded on to the platform and took up the sticks which I later learned were called beaters. Mr Vallier-Green carried over to start the backing track tape to "The Hurricane". This is one of Mr Moore's compositions. It starts with a clash of cymbals. That is the quiet bit. It is very accomplished and the xylophone kicks in almost immediately. This is circus music complete with dancing ponies and plumes.

It is the kind of thing you really do trip the light fantastic to.

Patrick Moore has loved the xylophone since he was 10 and he plays with complete absorption. "He's a wild man. Look, he's transformed," said the man next to me. I did take a close look and it wasn't a sight for the tame at heart. The music was pelted away but Mr Moore's head was bobbing away even faster. His hands were flying. Nor was he opposed to the odd dramatic pause. At one point, he extended both arms over his head, beaters poised, only to swoop back down to the instrument in full pounce. He ended in a fantastic flourish, sweeping the entire length of the instrument in a blur of beaters. "Bravo! Bravo!" shouted the crowd. "Yeah! More!" But Mr Moore stepped down, heavily, and accepted a glass of champagne. The beaters lay still.

The crowd buzzed. Xylophones and telescopes were the two key subjects in this room. The woman next to me said that she and her husband had known Patrick for decades. She has the wonderful name of Wendy de Faubert Maumder. They had accompanied him on a cruise to Antarctica. He was supposed to be lecturing on the Night Sky although, in fact, it happened to be more or less perpetual daylight at the time. "He even played the xylophone in Antarctica, you know," she said. "He has a portable one. It was given to him by Michael Bentine. They met during the war. But Patrick won't talk about it. It's top secret. You ask him!"

I made my way over to Mr Moore but ended up first talking to a man with a pound-sign badge in his lapel. His name was Donald Duparc Braham and he is a trustee of one of Mr Moore's many charitable endeavours. "This is to save the pound!" he cried. "People think it means that I am a member of the millionaire's club. I wish."

Most of the crowd is 70-ish. I introduced myself to two younger men who turn out to be involved in publishing. One introduces himself as Mr Millais. I make a bad joke



Patrick Moore is proud that his music is 100 years out-of-date and claims to have never worked a day in his life; that life is a hobby

Tom Craig

about hanging out in galleries. "Yes," he says, "he was my great-grandfather." He is a photographer and has worked on Mr Moore's books. "I'm convinced he is a Time Lord. He's been doing *The Sky At Night* for 45 years and he looks the same. He goes home to his Tardis." I turn to the 30-year-old man in a black T-shirt from Macmillan. He has been to Moore's home, a thatched cottage in Selsey, West Sussex. Had he seen a Tardis? "No, but he makes his own wine so that might keep him young."

Perhaps it was the champagne talking but everyone kept on insisting that Patrick Moore is the last great British eccentric. He says this isn't true, but he also claims that he is no performer, which he obviously is. I cannot get over the fact that he did not go to university. It is his one regret. He became interested in astronomy at the age of six when he read G.E. Chambers' 1938 book, *The Story of the Solar System*. Then he fell in love with music when he was seven. Are astronomy and music related

in any way? He shakes his head. But I had heard he did something called a "Space Concert" that mixed them both up. "Well, to be frank it was a bit contrived," he said.

Then his monocle seemed to get more serious. "I am so thrilled that at the age of 76 I am being taken seriously as a composer of light music," he says. The CD has been an idea for years. It took nine hours to record with the Royal Scottish National Orchestra and Derek Carden was the conductor. Patrick Moore has never had a music lesson but has perfect pitch. He plays the piano and xylophone, though only the latter in public.

He sees himself mainly as a composer, though, and says that he hasn't changed his style since he was a child. There is, for instance, his *Woodland Suite* which is made up of five parts called "Dragonflies", "Hedgehogs", "Elves", "Gnomes" and "Worm Wriggle". He composed some when he was 13, and others when he was 72. "And you cannot tell the difference!" he says.

He dislikes modern music, jazz and pop; nor does he like the human voice. Chopin and Mahler are favourites, as is Strauss. He is proud that his music is 100 years out-of-date. A friend of his, a cookery writer named Gretel Beer, tells me that she is trying to organise a performance of Mr Moore's waltz, "Vienna Dawn", in the city itself, with an all-woman band. By now, nothing fazes me and so I just nod.

Next to us, two men with rather strange ties are having a loud discussion about how to pronounce Halley's Comet. One hands me a card that says Donald Francke: Baritone and Actor. "Meet Old Deuteronomy!" It turns out that he played the character in *Cats* for nine years. Now he is to be in *Phantom*. He has been interested in astronomy since he was three. His tie has a space vehicle zooming round it. The other man's tie is truculent with percussion instruments. He is from the Ipswich Hospital Band which is, he says, the only hospital band in the country. Patrick Moore is

their patron and has composed a march which the band plays as its opening number at most outings.

Patrick Moore goes off to talk to the women who made the CD and I am introduced to a man who tells me he is in telescopes. His name is Dudley Fuller and when I ask how old he is, he says that he is past his "die-by" date. Mr Fuller plays jazz piano and went on an eclipse cruise with Patrick Moore last year. He says that the telescope business is recession-proof. "People must have their hobbies".

Patrick Moore claims to have never worked a day in his life and that life is a hobby. I don't know about that but, after two hours of marching music, I am beginning to feel as if we are all in some kind of grand theatrical performance. And the stars? Well, that is easy. This is a show starring a xylophone, a monocle and lots of trills.

The CD, *'Moore Music'*, is available by direct mail order on 0171-630 8100

## The Eighties in all seriousness

WHILE SOME were debating the extent of our dumbed-down state at the Culture Wars conference at the weekend, others of us were getting down to the serious study of music in the Eighties: the decade on which much of the blame seems to rest for whatever dumbing down we might want to argue has subsequently been our fate. Like all the major concerts of 20th-century music which I have been to so far this year, these two opening programmes of compositions from the previous decade in the Towards the Millennium project were attended by large and enthusiastic audiences. So much for dumbing down.

On Saturday at the Royal Festival Hall, Sir Simon Rattle made a welcome return to the City of Birmingham Symphony Orchestra whose musical directorship he relinquished last summer. The long and fragmentary early stages of Witold Lutoslawski's *Third Symphony* here lacked the incisiveness and timbral sheen to make their, to me, too contrived utterances more compelling. Things subsequently improved; the conclusion felt unearned, but that's probably the composer's fault.

Toru Takemitsu's guitar concerto, *To the Edge of Dream* - like John Adams' *Harmonium* - was given its British premiere back in the Eight-

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ies by CSO forces. John Williams and the orchestra offered a ravishing account of it, as - joined by Christine Pendrell on oboe d'amore - he did of *Vers, L'arc-en-ciel, Palma, Harmonium*, for chorus and orchestra, in early Adams; its

responses to familiar poems by John Donne and Emily Dickinson lack the persuasively moulded word-setting, allied either to ironic bite or to affecting, ambiguous harmonies, of his later scores. The work is hard on the choir; the climaxes were powerful, but the rapid concentration needed for the quieter music wasn't there.

It didn't help that Rattle had to read out the poems, absent from the poorly-produced programme book, before the performance. Steve Reich's *Tehillim* - a work wrongly charged, in my view, with dumbing down - demands sheer stamina and utter security in its relentless

tricky rhythms. On Sunday in the Queen Elizabeth Hall, the London Sinfonietta, conducted by James Wood, was joined by the four founding female members of Synergy, the British vocal group formed as a consequence of these singers' participation in a brilliant performance of *Tehillim* at the Barbican three years ago. Here, though, Wood and his admirable musicians couldn't score the same success; the relaxed control of phrasing over and around the pulsing grid eluded them, and occasional lapses in ensemble, intonation and tempo didn't help. It was good to hear Bhakti, Jonathan Harvey's highly sophisti-



Simon Rattle: a welcome return

Laurie Lewis

ated integration of live ensemble and tape sounds into an extended composition of sometimes compelling beauty. Wood's performance appeared to be a good one, but for

all Harvey's ability to conjure his own sound-world out of materials as simple, in their own way, as Reich's, this performance did seem too long. KEITH POTTER

## Nowt so quaint as folk

**POP**  
FAIRPORT CONVENTION  
PRINCESS ROYAL THEATRE  
PORT TALBOT

THIRTY YEARS into their career as the standard-bearers of folk-rock, Fairport Convention are once again on the road. The latest tour is less a city-by-city jaunt than a town-by-town amble, playing the kind of places - Tewkesbury, Worthing, Weston-super-Mare - that seem to epitomise comfortable middle England.

Tonight, though, we're in Port Talbot, a place that stands out as a bit of a sore thumb in the itinerary: a giant gas works by the sea where the air reeks of chemicals. There's something rather unlikely about seeing these genial, village cricket team types showing up to play here.

The Fairports line-up contains just one original member, guitarist Simon Nicol, plus long-time bass player Dave Pegg aided and abetted by similarly grizzled rock veterans, violinist Ric Sanders and drummer Gerry Conway. The relative new boy is singer-songwriter and fiddle/mandolin player, Chris Leslie. It's

Nicol and Leslie who share the bulk of the vocal duties: the set consists mostly of Nicol singing oldies from the Fairports' catalogue, alternating with Leslie offering his own new material, with a few rocked-up jigs thrown in.

Frankly, it's an unsatisfying mix. Nicol is adequate on the old material but is hardly a Sandy Denny in the vocal stakes; nor does the likeable, Nigel Planer-ish figure of Leslie compare to Richard Thompson as a songwriter. The highlights are inevitably the oldies, "Crazy Man Michael" and the closing "Matty Groves", the centrepiece of the Fairports' finest album, *Liege and Lief* (1969). Ironically it's only the traditional "Matty Groves" that seems to be modern, either in conception or execution.

Yet though the evening is hardly a cutting-edge event, it is a remarkable affirmation of the band's abiding popularity and of their role as family entertainment for the hippy generation. Families sporting Fairport T-shirts are out in force, and at one point the band break into an impromptu happy birthday for a young member of the audience. The

banter between the deadpan Dave Pegg and the bearded, Richard-Bransonesque Simon Nicol is effortlessly masterly, and there's a sense of being in the company of the sort of pleasant, fortysomething blokes who'd be stalwarts in your

local pub. But on a rainy night in Port Talbot, one can't help wishing for something a bit more gripping, and reflecting that it's a long time since the group had much to do with the evolution of British folk music. CHARLOTTE GREIG

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# You wait years for one...

... and then three come along at the same time. Why is Shakespeare's *Troilus and Cressida* suddenly everywhere? By Paul Taylor



Trevor Nunn's forthcoming National Theatre production (left) and Michael Boyd's RSC current touring version



Catherine Ashmore/Geraint Lewis

Shakespeare's *Troilus and Cressida* had to wait until the early decades of the present century to find a responsive – or, indeed, any kind of audience, and since then, it has certainly been making up for lost time.

In the 1920s, the Marlowe Society at Cambridge and the Old Vic mounted productions that played to houses consisting largely of First World War veterans whose experiences at the Front would have sensitised them to appreciate Shakespeare's bitterly cynical demythologising of that great unconflict, the Trojan War, and its pantheon of emblematic heroes.

From these belated beginnings, the play has gone on to provide a century that has been unfancifully described as the worst 100 years in the history of the human race with a prime theatrical parallel for ignominious international conflicts ranging from post-war Berlin and Vietnam to Northern Ireland and Bosnia. The last decade has seen a positive glut of English productions from Sam Mendes's superbly eclectic 1990 RSC production at the Swan – which, like Eliot's *The Waste Land*, seemed to be elapsing in a number of time schemes simultaneously – through Ian Judge's strenuously homoerotic mid-Nineties staging (known as *A Thing for Europe* by its friends), down to an intelligent production by Alan Strachan last summer in, of all places, the Open Air Theatre in

Regent's Park. When a prickly uncompromisingly intellectual play like *Troilus* finds a home in that sylvan centre of bourgeois self-satisfaction, you know that it has decisively entered the mainstream.

With the last year of the millennium about to offer us two major new stagings of the piece – from Trevor Nunn, whose version opens next week in the Olivier, and Dominic Dromgoole, whose production for Oxford Stage Company will tour 2,000-seater theatres in the autumn before possibly coming to the West End – this is an auspicious moment to ask whether its provocative nature is in danger of getting lost beneath our newfound familiarity with the play.

Consider the RSC's current staging by Michael Boyd. It shifts the action to the Irish civil war of the 1920s (the Trojans are the Irish in a shelled Catholic chapel; the Greeks are British) but in such a dutiful, undriven way that you sit in front of it calmly nit-picking and finding holes in the parallels (how can a play which turns so much on the idea of single combat survive in a world of pistols? etc). Can we really have become blasé about this masterpiece? From their quite different angles, Nunn and Dromgoole would be tempted to answer in the affirmative, and both have plans to deal with the problem. A seasoned thirty-something veteran of the new-writing scene (at the Bush, which he ran, and at Peter Hall's Old Vic), Dromgoole, now installed as OSC chief, reveals that for him, the eerie modernity of the play lies less in

its anti-heroic debunking of war (the rigged lottery, the shamelessly self-serving casuistry of the great debates etc) than in something he describes as "a sort of lapsed or slipped reality within it. There's a very contemporary disturbance about perception and what is real – just as there is in, say, Michael Frayn's *Copenhagen*."

He points to the great sequence where Troilus and Ulysses spy upon Cressida's treacherous tryst with Diomedes and Thersites, the scabrous camp follower, slaveringly spies on the spies. What is frightening and modern here is the lack of

the half-conscious light of posterity's press releases about them. We hear that, in their tent, Patroclus is entertaining Achilles with a pageant of irreverent impersonations of the other Greek luminaries. The self-reflexive effect of this – Patroclus's performance mirroring, in miniature, any performance of *Troilus and Cressida* – is of a hand suddenly bursting through a classical painting in a gallery and pointing directly at the startled onlooker.

And this teasing traffic between the play's present tense and the foreknown future serves merely to heighten those ex-

likes over-specific modern parallels, such as Bosnia, because "it seems like appropriating other people's tragedy". So does Trevor Nunn, though for broader reasons.

His production, which will pit black Trojans against white Greeks, is set in the Homeric world. "The problem when you update," argues this great Shakespearean director (the only man to have made *Macbeth* work, and work brilliantly, on the modern stage) is that, at a stroke, you remove the sense that these people are struggling with issues for the first time. You've got to the end before you've even started."

He aims to stress the development in the play from the relatively chivalric and unselfishly conscious-riven to the despairingly cynical and nihilistic, with "a random act of war" (a political exchange that involves Cressida being returned to her traitor father) as the watershed event.

The drama's tone of voice alters, he contends. "Thersites grows in influence as Pandarus (the lovers' campy go-between) wanes." Nunn is alive to the competing levels of reality in *Troilus*, but feels that the accent should fall on that aspect of the characters which remains in ignorance of their future, and unself-conscious about their dramatic function. "There's a wonderful irony in the scene where Ulysses prophesies the Fall of Troy and Hector says 'I must not believe you... The end crowns all/And that old common arbitrator, Time, will one day end it'. Now, we know, as they speak, the outcome and the almost

limitless number of tragedies that developed from that point. The speakers do not, and there's something absolutely thrilling about that. And it's as effective now as it was for the play's first audiences."

Between us and those first audiences, though, lie a lot of knowingly jokey, but much less radical attempts to link the mythic and the modern – from, say, the barbed, flippant operettas of Offenbach (*La Belle Hélène*, *Orphée aux Enfers*) in which French Second Empire society mocked itself in terms of an Asterix-like classical world, through to the helicopters and Kissinger-like Julius Caesar in Howard Brenton's *The Romans in Britain*.

TV monitors spewed up contemporary television images at the start of *The Vertical Line*, John Berger and Simon McBurney's recent site-specific piece in the Underground, as a debriefing preface to a journey downwards and backwards to the paradoxically much fiercer modernity of the earliest cave paintings known to man. Perhaps it is only through a similar bombardment in the theatre's flyers (cue Offenbach and *Up Pompeii* footage) that a contemporary production can do full justice to the sense that, even at the millennium's end, *Troilus and Cressida* is a play which in its pre-emptive, destabilising asynchronicity, continues to anticipate us.

The National's production is in rep at the Olivier (0171-452 3000); the RSC production is on tour (01789 205301) to 5 Jun

*'There's a contemporary disturbance about what is real – just as in Michael Frayn's "Copenhagen"'*

any hierarchy in the clashing perspective on what is seen and the wild philosophical extremity of Troilus's wounded response: "This is, and is not, Cressid."

In the earlier scene where the lovers make their desperately ironic vows, Cressida refers to a future "When time is old and hath forgot itself", likening its forthcoming self to someone gone gaga with age. But, if not precisely senile, time in the play is certainly old way beyond its years.

There's a peculiar tart tension in this drama between a sense of (as Dromgoole puts it) "men making up their own myth as they go along" and of heroes acting in

extraordinary moments when the play seems to have premonitions of 20th-century existentialism, as in the pregnantly pinpoint focus of Agamemnon's greeting of Hector: "What's past and what's to come is strewn with husks/And formless ruin of oblivion/But in this extant moment..."

Dromgoole is toying with the idea of a contemporary setting, the characters transposed to the underclass: "there's a great Mike Nichols quote that all the primal patterns and paradigms come from either the upper class or the underclass. I think *Troilus* is a story you can relate to, the urban myths of the underclass." He dis-

## ON THE FRINGE

THE ODYSSEY WAREHOUSE, CROYDON ■ MISS JULIE UNION THEATRE ■ THE WAY OF THE WORLD THE ORANGE TREE

IT WILL be a long time before Croydon is known as the capital of the comedy world, but the Performance Theatre Co's inventive reworking of *The Odyssey* puts it on the map. Homer's epic has stimulated writers from Sophocles and Euripides through to Tennyson, James Joyce and now director Rob Ballard, who has spawned the most surreal version, with scenes inspired by, appropriately enough, 2001, *Red Dwarf* and the facile glitz of daytime TV.

In short, this production is not about ancient Greek concepts, so it's fine if you don't know your Odysseus, here, is a commander on a Kubrick-style spaceship, and each encounter with a mythical monster or a trial from the gods is represented by a visit to another space-ship or planet.

The production's greatest

appeal lies in the actors' manipulation of the tiny Croydon Warehouse space to give ingenious and often comic reality to episodes from the epic which might seem difficult to stage. The skilfully executed scene where Achilles kills Hector finds the combatants parrying and lunging at each other with torch beams instead of sword blades. Later, after Odysseus hurls a large bottle of whisky through the stage-roof to "the giant Cyclops", the monster's towering height is emphasised when it re-emerges as a miniature in his hand.

The Pythonesque script and the hyperbolic stage directions cut a sharp contrast with the Courageous Petticoats production of *Miss Julie*. Strindberg used the late 19th century's emerging trend of stark realism to portray the affair between his wilful heroine and her father's supercilious valet

– and the cavernous simplicity of the Union Theatre provides an apt backdrop.

The playwright's antipathy towards the female sex comes out in the tragedy's preface, where he denounces his heroine as a half-woman – one of a poor species who would "fortunately go under". Jean the valet, by contrast, is "sexually... an aristocrat by virtue of his masculine strength", whose passion for learning and sophistication meant he had "already risen in the world". It is unfortunate then for Strindberg, that Kate Bowes's performance as Miss Julie is so obviously superior to that of Darren Hawkes as Jean. Her stage-presence engulfs his, and sometimes she is forced to act against the emotion in Strindberg's script rather than against Hawkes's performance, since he is sadly no aristocrat when it comes to conveying the

passion which makes him risk his social pretensions for a midsummer night's fantasy.

Bowes ultimately succeeds in this production because of her ability to embody the playwright's conception of sex as an anarchic force, which plays on faultlines in both characters' concepts of how they are defined by class and gender. She swings effortlessly through the mercurial mood changes demanded by her character, acting with equal conviction the vulnerable openness and the violent defensiveness provoked by this cruel and bloody battle between the sexes.

That same battle is also a theme for Congreve's *The Way of the World*, but in this Restoration comedy now at Richmond's Orange Tree Theatre the medium is not bile and blood but verbal polish and acidic wit. Set against the confused

marriage laws of 1700 – where formal commitment was a contract rather than the later holy sacrament – the play shows the bitchiness, bed-hopping, and cynical financial bartering involved in selecting a spouse.

The cast as a whole bring considerable spirit to Congreve's finely honed wit where words are weapons in conversational jousts. The jarring note in Sam Walters' production is the costumeing – brightly coloured corsets and waistcoats over sterile white tops and bottoms. They strip the stage atmosphere of the subtlety it demands, spoiling an otherwise stylish and enjoyable evening.

RACHEL HALLIBURTON

Warehouse, Croydon (0181-680 4060) to 4 Apr; Union Theatre, London SE1 (0171-361 9876) to 20 Mar; Orange Tree, Richmond (0181-940 3633) to 17 Apr

## ROBERT HANKS ON TV

Why is it that television tells you things about a painting that photos never can?

PAGE 18

INDEPENDENT ON SUNDAY

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## Guide to Sushi

From its origins in Japan 1,000 years ago, Sushi has become a worldwide phenomenon.

*The Independent on Sunday's Guide to Sushi*, published on March 14, outlines Sushi's history and culture, and explains the different varieties. Learn to prepare sushi at home with a simple step-by-step guide, and unlock the mysteries of this delicious, fresh and nutritious food with the *Guide to Sushi*.

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## Bit of a song and dance

SHE'S DISCOVERED casually stretched out across a grand piano, in the manner beloved of Michelle Pfeiffer in *The Fabulous Baker Boys*. This is not, you swiftly realise, your average evening with a diva.

Hardly surprising when you consider that Julia Migenes's early career included playing in the original Broadway production of *Fiddler on the Roof*, and the fact that she really made it big in movies (albeit singing), when she starred as a highly convincing Carmen in the successful film of the opera.

This comic evening demonstrates that this diva is on the verge of a lecture, and instead of an overhead projector, we have her voice. And her temperament, which she proudly announces, has had her kicked out of many an opera house. Sporting Cleo Laine's hair, Barbara Streisand's fluttery

OPERA  
DIVA ON THE VERGE  
PEACOCK THEATRE  
LONDON

fingers and Eartha Kitt's kittenish pout, Migenes is on a highly laudable mission. This, she tells us, is opera for those who would not go and those who would not go back. Fine and dandy, but there's a problem. Who else but opera fans are going to book to see her? This self-selecting audience doesn't need persuading.

Undeterred, she sets off with brio, comparing the immense length of piano strings with their human equivalent, the vocal cords, while illuminatingly brandishing two tiny elastic bands. The focus of her show, however, is parody. She begins with the mad scene from *Lucia di Lam-*



Julia Migenes

*mermoor*, translating as she goes, which starts off as funny – Donizetti's libretto is not famed for their literary merit – but quickly goes flat through repetition. Observing the absurdity of ageing sopranos attempting Juliet, she shows the horrors of operatic acting "broad enough so that deaf people could get it". Migenes has strong clown-

ing skills – shown off best in Violetta's death scene – but a better director could stretch her further and make this much funnier. Sadly, there's nothing here that couldn't have been done 30 years ago (and was, by Anna Russell).

The great La Gran Scena di New York company has been doing all this with far more flair for years. Their comedy is far sharper and scores far more points, and the fact that they are all men in drag leaves you astonished that they can even sing the material as written. There is no such safety net for Migenes, whose voice – always idiosyncratic – is now well past its prime, a fact underlined when she sings two numbers "straight". Sadly, she can't have it both ways.

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Help for the Third World: the first advert in the PricewaterhouseCoopers campaign, which got underway yesterday, shows a boy receiving an inoculation

# Change the world: become an accountant

A slick advertising campaign seeks to cast professional services in a new light. By Roger Trapp

Cynics may smile and say there is nothing surprising about a firm of accountants and management consultants failing to promote its chosen areas of activity. After all, it's hard to see how accounting, in particular, can set the pulses racing.

But PricewaterhouseCoopers, which this week launched its first global advertising campaign, has deliberately avoided spelling out what it does on the grounds that such descriptions do not adequately describe the full range of its operations. "We're trying to demonstrate to the world the breadth, size, complexity - and relevance - of what we do," says Peter Wyman, head of corporate affairs for the UK.

Accordingly, the advertisements for what is the world's largest professional services organisation set out, in the words of UK senior partner Peter Smith, to "convey the important, complex - and exciting - projects that PricewaterhouseCoopers performs for its clients".

The firm will not say how much it is spending on the campaign. However, it is suggested that the first phase, which broke in newspapers in 45 countries yesterday, will alone cost over \$30m (£19m). The print campaign will be augmented from next month by TV commercials on CNN International and BBC World TV, while the Internet, airport displays and billboards will also be used.

Mr Wyman accepts that some of the firm's partners would have preferred something more mainstream, mentioning the firm's areas of expertise in particular. But he believes that "it's great because it's different".

Moreover, he claims it is a sign of the new firm's "maturity" that "we've got the courage to move away from traditional professional services firm ads". The firm is deliberately aiming at a younger audience - on the grounds that it needs to compete with businesses of all sorts in order to attract the best recruits.

The first ad features a boy in a developing country being inoculated as an illustration of how PricewaterhouseCoopers helps pharmaceutical companies cost-

effectively to develop and launch useful new medicines.

Others in the series, created by the advertising agency Ammirati Puris Lintas, will continue in the grainy documentary style and feature the firm's work in helping an Indian regional power company privatise, work on re-engineering a

*'The ads send eye-opening messages about the fascinating nature of what we do for our clients'*

global supply chain and help for clients in developing new approaches to Internet security and electronic commerce opportunities.

For Mr Wyman, a large part of the appeal of the campaign is the almost limitless supply of case studies that can be featured. He also says the firm recognises the necessity of the

campaign running for a significant period - because building brand awareness in this way takes time.

The overall theme of this first three-month phase of what is intended to be a campaign lasting at least 18 months is recruitment. The tag-line throughout is "Join us. Together we can change the world."

Accountancy firms of various sizes have shown an increasing willingness to promote themselves on poster sites and in business publications. But while such efforts tend to focus on the firms' services, PwC's campaign is more like the television advertisements for Andersen Consulting in attempting to present an image of providing challenging careers. According to Mr Smith, the ads "present a picture of the intellectual challenges awaiting those who join our organisation".

This focus continues the preoccupation with recruiting that Price Waterhouse and Coopers & Lybrand presented as a key reason for last year's merger. Mr Smith says the commercials are "designed to appeal direct to potential recruits, to make sure that we get more than our

fair share at a time when competition for the best people is intense... they also send compelling, eye-opening messages about the fascinating nature and far-reaching impact of what we do for our clients."

But the firm does also have one eye on impressing existing and would-be clients. "We're giving the global business community a glimpse of the size and diversity of work we do for clients - projects many people ordinarily might not associate with PricewaterhouseCoopers," says Mr Smith.

Finally, it appears that this is a propitious time to launch such an ambitious campaign. Insiders claim that the progress made since the merger was finalised last summer makes this an ideal moment to promote the new firm. They claim that management issues have largely been sorted out and that the much-predicted fall-out of staff and clients has largely hitherto failed to materialise.

"People really seem to have understood what the merger means for them. The place is energised by the merger," says Mr Wyman.

## Is there more strength in numbers?

Middle-ranking accountancy firms are teaming up to survive. By Roger Trapp

THIS WEEK'S announcement that Pannell Kerr Forster and Robson Rhodes intend to merge on 1 May is the latest in a series of moves that are producing a fundamental shake-up in the so-called second-tier accountancy firms.

Pannell Robson, as the new firm will be known, will have fees of more than £120m and employ more than 2,100 partners and staff in the UK. According to Martin Goodchild, the PKF managing partner who will take on the same role in the merged firm, the deal is "a significant step in our strategy to develop a business advisory firm with a strong national presence and far-reaching international connections."

Both firms make the usual comments about shared visions and clear business strategies. But it can be argued that this is a deal created by increasing pressure. The part of the accounting market just below what is now the Big Five has long been seen as highly competitive. On the one hand, few large corporates now use such firms for their audit work and, on the other, all sorts of firms are presenting themselves as specialists at serving the obvious alternative - growing businesses. Moreover, such firms are vulnerable to the activities of specialist niche players.

Both PKF and Robson Rhodes must have felt this pressure especially keenly since, in the past two years - a period of growth for many professional firms - their revenues had been almost flat, at about £75m and £48m respectively. However, Mr Goodchild insisted that both firms were moving from a position of strength. PKF, he said, had sought to improve profitability rather than increase volume. In the interests of raising partners' earnings it had pulled out of certain operations.

This is seen as important because partners in second-tier firms have tended to be vulnerable to approaches from the biggest practices if their earnings levels drop. With the Big Five firms prospering of late, they have been especially keen to hire extra staff - and to pay them highly competitive salaries.

Pointing out that the move will not shift Pannell above its eighth slot, Mr Goodchild added that the merger was not an attempt to get bigger just for size's sake. However, he stressed that the deal "clearly distances us" from the group of firms below - giving it the scale and resources to develop services to meet the needs of UK and international clients.

Mergers are a constant topic of conversation whenever accounting folk meet. Indeed, a report from the Institute of Chartered Accountants in England and Wales predicted that, by early next century, there would be a Big Four at the top of the profession followed by three middle-tier firms. With any further consolidation at the top thought to be ruled out for the moment by regulatory concerns, attention has shifted to the next level - especially because of the perceived competition in the sector.

Though there had been moves last year, the pace really started to

hot up in January, when BDO Stoy Hayward and Moores Rowland announced they were joining up to create the UK's sixth largest firm. There is, however, a little controversy around this claim, since many of Stoy's rivals argue that it is a collection of firms rather than a single organisation.

Both Adrian Martin, managing partner of Stoy's, and Clive Weeks, his opposite number at Moores, had - like their opposite numbers at PKF and Robson Rhodes - been at pains to play down the size claim. Instead they justified the link-up to create a firm with annual revenues of about £150m as enabling them to offer a better service to their growing number business clients.

David McDonnell, managing partner of Grant Thornton, the enlarged Stoy's closest rival, with fees of about £145m, says he will not be drawn into making a deal just to move up the pecking order. But even before the deal to create Pannell Robson was announced he saw signs of a merger trend continuing.

At the end of last month, for instance, Smith & Williamson, the

*There are rich prizes for firms that can convince clients they are well connected around the world*

twelfth largest firm and a specialist in advising small companies and private clients, linked up with a small north London practice called Heward Phillips with the aim of expanding its network of offices.

As Mr McDonnell points out, there is also the European dimension developing. Last month Robson Rhodes announced a Brussels-based joint venture with firms from France, Spain and Germany. The practices - like Stoy's and Smith & Williamson - are already members of global organisations and have taken a stand to meet the needs raised by the introduction of the euro. And it will not all be good news. At this stage, it cannot even be certain that the Pannell Robson union will be consummated as planned on 1 May.

Moores Rowland, for example, had been in aborted talks with Kiddons Impey before announcing the Stoy's link-up. Equally, there will be others that are essentially defensive in nature - largely designed to prop up finances that have failed to recover from the recession of the early 1990s. But with many medium-sized companies likely to feel that the largest firms are no longer meeting their needs, and the entrepreneurial-type business increasingly buoyant, there are rich prizes for firms that can convince clients they are both properly focused on their interests and sufficiently well connected around the world to help them expand.

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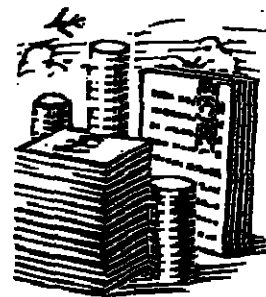
## No chance of a Flaming Ferrari where my folks come from

EVEN TRADERS have families, though if they live anywhere but London, there's rarely time to visit them. My mother thinks London is a frightful place, even for a visit, with a population that consists entirely of muggers and people in a hurry. "And everyone's so rude," she says, wide-eyed, as if 30 Women's Institute members waiting right in front of the ticket barriers at Tottenham Court Road Underground station while one of their number buys peppermints doesn't count as provocation.

Consequently, she and my father have chosen to bury themselves in a tiny village about a hundred miles from the capital where the quality of life is apparently far superior to city existence. "Just smell that air," my father says every time he drags me out for a walk along the local

lanes (obviously we can't walk across the fields, because the footpaths are planted over). "You don't get air like that in London." No, I think we don't have all those pesticides and herbicides in ours.

The other aspect of rural life that I find hard to appreciate is the fact that you have to drive everywhere, even to buy a pint of milk or a loaf of bread. Not surprisingly, my parents spend many of their waking hours in edge-of-town supermarkets. In fact, I think they may regard a visit there as a bit of a treat. I can't think of any other explanation for the fact that they always drag me off to one the minute I arrive at their place. "Don't take your coat off, darling," my mother says breezily as I stagger in after battling the motorway traffic. "We can have coffee there. It's rather good, you know."



### THE TRADER

Mind you, one look at the local town centre and you understand why the supermarket counts as an entertaining landmark. It's the sort of place that was innocently minding its own business for years until it had a terrible attack of the town planners in the Fifties, from which it has never quite recovered.

The local tourist office - an act of faith if ever I saw

one - has optimistically created a leaflet on historical walking tours, with lines such as "turn left at the multi-storey car-park. The house that used to stand on this spot..."

There's one each of all the usual high-street shops, as well as a few dingy jewellers, a florist that sells only carnations and, naturally, half-a-dozen dreary tea shops that close at 4pm. There's nowhere else to eat unless you want burgers or take-away Chinese (with chips). You have to head out to some village or other for a proper, grown-up meal with condescending waiters and cream with everything. Not that we ever do; as my mother says, it seems rude to disturb the hush in these places by actually eating in one of them.

So for this weekend, it'll be meals at home in front of the telly, and all the better

for it. After all, I'm here to relax, although it's also a pre-emptive strike in case I forget Mother's Day. As far as my parents are concerned, it's their chance to make sure I'm not up to anything potentially embarrassing at work.

"Look at all this business with the Flaming Ferrari," my father says. "More like the flambéd Ferrari now." I reply, "Well and truly burnt."

I look across at my mother. "Isn't this when you usually say 'It's the parents I feel sorry for'?" I ask, but she just blushes and mumbles, "Oh, well... not always."

I smile, and tell them that they have nothing to worry about. After all, thanks to the way they've raised me - to be good and kind and honest - I'm probably never going to earn that sort of money in the first place.

Joe 11/10/50





# The age of the ageing

I WORK FOR...

MAGGIE HOLMES IS PA TO LADY SALLY GREENGROSS, DIRECTOR GENERAL OF AGE CONCERN ENGLAND



Maggie Holmes (foreground): 'I am devoted to Sally, but it's a give-and-take relationship'

Martin Chilvers

I've worked for Sally for 10 years and my relationship with her is that of a friend as well as a colleague. Initially, I was rather apprehensive at the prospect of working for a woman. I felt that men seem to be more understanding of women employees and since I am quite strong-willed I felt that I could clash with a female boss. But Sally and I clicked; my colleagues even comment on how unusual it is to see such a bond. A few months after I joined she was helping me move my son into his halls of residence.

Since the With Respect For Old Age report by the Royal Commission was published, there have been constant requests for interviews with Sally. We've also had many members of the public ringing in, particularly in response to the report's suggestion that the older people shouldn't have to sell their houses in order to pay for nursing care - which upsets people terribly. The system is unfair: whereas cancer and coronary qualify for free health care, people with Alzheimer's, which is associated with ageing, are still means tested. It makes me angry to see that people who have done a lot for their country are now being neglected.

One of the aims of Age Concern is to campaign for improvement in the quality of life for the elderly. This is a busy year for us: not only do we run the secretariat for the UN Year of Older People but we are also co-ordinating the Millennium Debate of the Age, an ongoing forum in which people discuss how they see themselves, their work and their lifestyles in 50 years' time. It's a good way of making people aware of the ageing issue. To me, the most important thing to realise is that we are all ageing from the day we are born. Although I used to visit old people when at school and college, I hadn't had any direct experience of looking after an elderly relative.

People will more willingly support children than the elderly, on the grounds that old people have already had a good innings but, having worked here, I feel that age is immaterial. We are all living longer and are going to have to get used to living in a much older society. The old are an untapped resource in terms of life and experience - they can be mentors for younger people, for example. Of course, some older people might resent being grouped together. My mum, for example, who is in her seventies, lives on her own but, after experiencing an OAPs club, said she wouldn't go back because the other people were too old.

I would like people to take more notice of the elderly, particularly since they will be in the same situation one day. I think attitudes will have to change. When a relative gets old and infirm people tend not to want to know. I hope this will change.

We have a number of celebrities, including Stephanie Cole and Richard Wilson, who believe in what we do and are prepared to help out. Both my son and my mother have done odd bits of work for Age Concern: my mother volunteers in a nearby shop and my son has chosen a job which involves care of the elderly.

I'm aware that I must look toward my own future and make sure that I have got my retirement sorted. I've also learnt that healthy ageing is very important and that one needs to keep active. Mind you, looking after Sally takes care of that aspect.

Sally is a great role model. People look up to her; at 63, she's beyond the official retirement age yet busier than ever before and so fun and enthusiastic. She says that I run her life and that she can't cope when I am away, even if it's just for two hours. She's so busy that I sometimes threaten to send a cardboard cut-out of her to some of her appointments. I sometimes get calls from organisations where she's due to speak wailing "the event is beginning in five minutes and she's not here" but she always makes it in the nick of time. She rarely writes her speeches, preferring to ad-lib. Her husband, who is equally busy, relies on me to tell him where Sally is. I meet his secretary, Kathy, once a

month for lunch and we tease them that we're off to talk about them. I am devoted to Sally, but it's a give-and-take relationship. For example, when my son was playing in a big football match and had left his boots behind at my house, she couriered the shoes round to him. She's been with Age Concern for over 20 years and obviously has designs on retiring one day because she's already said that she would like me to remain working with her. Of course I gripe and groan when a day is going badly, but since I've been here so long I can't really be fed up, can I?

INTERVIEW BY KATIE SAMPSON

## Fond farewell



THE TEMP

BY FRIDAY, I had contrived, by dint of blackmail and charm, to increase the Melanie Martineau leaving present fund from £19.78 to £23.45. So off I set to the shops, to find that, this being one of those hubris-ridden Docklands developments where no practical shops are allowed in to lower the tone, there were pitifully few options available after I'd spent £4.99 on a giant card covered in weeping teddies. The florist sold black-edged roses, ornamental cabbages, and that blue convolvulus that I'm sure my mum used to pull up as a weed, for £3 a stem. I stood there thinking "How would you feel if you got a bunch of thistles and artichokes in return for 10 years' service?" and before I could stop myself I was digging in my pocket for another £10 to jazz them up. And to think people consider temps are stupid.

But this was awful. I couldn't go back with just a bunch of flowers from 100 people. The next thing I knew, I was in the hand-made chocolate shop buying £10 worth of Belgian soft-centres. Melanie Martineau had hired Claret's, the local wine bar, which tries to hide the fact that it's in a tower block basement by scattering sawdust on the floor.

As I snuck off to the Tube, Big Cheese Clive grabbed me. "You've done all the work," he said. "You have to come to the party. No - I insist."

So we go into this bar and it's almost empty. In a space intended to hold a good 100 Docklands yuppies, a knot of hag-ridden colleagues surrounds Melanie Martineau. Her little heart-shaped face is pinched into a pucker of rage.

"Good of you to turn up," she snaps. "Where's everyone else? If they can't be arsed to turn up on time, they can sod off. And who the hell are you?"

"This," says Clive, "is the girl who's been filling in for you. I thought she deserved a drink."

"Oh, great," yelps Melanie. "So you've brought the temp down to blag off my float." I apologise, make to flee, but Clive clamps a hand round my wrist and forces a glass of white wine on me.

I stand miserably eating Twiggies, as Melanie makes the rounds. I can hear her as Clive attempts desultorily to ask me if I like temping. "The trouble with you is that you can't take criticism..." Remember when you screwed up that huge order?... Won't miss him in the slightest; he's a bastard anyway... Seen the state of her hair? She looks like my granny."

At 7.30 prompt, after three people have slipped off to cries of "Bye, then. See you", Clive checks his watch, taps his glass with his keys. Melanie laughs ironically as he says that no one will forget her and how invaluable she's been, and finally signalling to me, gets the flower-and-choc treat into her grasp.

She sways slightly, then starts to laugh. "Is this it? Everyone goes pink, looks away. 'Some dead flowers and a box of Milk Tray? Who bought these?'"

Clive points at me. "Well," says Melanie, "they're crap."

She stalks from the bar and disappears into the night, dropping the bouquet into a litter basket on the dockside.

"Phew," says Clive, as everyone relaxes and pours themselves another drink. "I thought that went off quite well, considering."

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NEW FILMS

**BELOVED (15)**  
Director: Jonathan Demme  
Starring: Oprah Winfrey, Danny Glover  
If film lives in a boldly naturalistic plane, prose inhabits an altogether more oblique and shadowy realm. And so Jonathan Demme's adaptation of Toni Morrison's multi-layered Pulitzer Prize-winner was always going to make for an uneasy marriage; hopping shakily between upfront dramatics and mysticism. Oprah Winfrey stars as an escaped slave struggling to cope with a visitation from a bewitched voodoo child (Thandie Newton) who may (or may not) be the ghost of her dead daughter. Still, there's much to admire in *Beloved*'s three hours of muddle - its fabulist take on black oppression, its gumbo of pungent human drama with overheated horror-flick shenanigans. Heartfelt acting and a vibrant visual sense paper over all manner of cracks. **West End:** Odeon Camden Town, Odeon Kensington, Odeon Swiss Cottage, Ritzy Cinema, UCI Whiteleys, Virgin Truro, Warner Village. And local cinemas

**FESTEN (THE CELEBRATION) (15)**  
Director: Thomas Vinterberg  
Starring: Ulrich Thomsen, Helle Moritzen  
See *The Independent Recommends*, right  
**West End:** Chelsea Cinema, Clapham Picture House, Curzon Soho, Screen on Baker Street

**KINI AND ADAMS (NC)**  
Director: Idrissa Ouedraogo  
Starring: David Mohloki, Vusi Kunene  
The first English-language offering from acclaimed Burkina Faso director Idrissa Ouedraogo, *Kini and Adams* looks to spotlight a career

in transition. This African odd-couple comedy turns its back on Ouedraogo's traditionally stark, folk-tale milieu, and ropes in two professional actors in David Mohloki and Vusi Kunene's squabbling adventures. But the director's snail style is stymied by a script that is, at times, clankingly schematic and crudely drawn. The natural magic slowly seeps away. **Repertory:** National Film Theatre

**THE 39 STEPS (PG)**  
Director: Alfred Hitchcock  
Starring: Robert Donat, Madeleine Carroll, Godfrey Tearle, Peggy Ashcroft, Lucie Mannheim  
Filmed back in 1935, *The 39 Steps* stands proud as the most polished pic of Hitchcock's early, British period (although *The Lady Vanishes* comes awfully close). Thereafter, he would light out for Hollywood and his films would become both more glossy and more morally oblique. *The 39 Steps*, by contrast, offers classic *Boys' Own* adventure, riffing off John Buchan's source novel to produce a gadgety spy yarn that hurls Robert Donat and Madeleine Carroll's hand-doffed-together runaways into a Scotland that's bursting with oddball eccentricities. The film is as light and bracing as oxygen: all witty twists, throwaway lines and crisp observations as it builds towards a climactic crescendo at the London Palladium. Legend has it that Hitchcock insisted on hand-cutting Donat to Carroll before filming began, just so they could get used to being together, and then ran off with the key. Tsk, those auteur directors. Never too highbrow for the odd playground prank. **West End:** Barbican Screen

Xan Brooks

GENERAL RELEASE

**AFFLICTION (15)**  
See *The Independent Recommends*, above  
**West End:** ABC Shaftesbury Avenue, Renoir

**A BUG'S LIFE (U)**  
A Bug's Life sees humble insect Flick joining a flea circus in an effort to save his community from marauding grasshoppers. **West End:** ABC Tottenham Court Road, Clapham Picture House, Odeon Camden Town, Odeon Kensington, Odeon Marble Arch, Odeon Mezzanine, Odeon Swiss Cottage, Plaza, Ritzy Cinema, UCI Whiteleys, Virgin Chelsea, Virgin Truro, Warner Village West End. And local cinemas

**HIDEOUS KINKY (15)**  
Through the backdrop of 1970s Morocco trends Kate Winslet's single-mum, her two daughters in tow. Winslet does well with a change-of-pace role and the child stars are startlingly good. **West End:** ABC Swiss Centre, Odeon Swiss Cottage, Renoir, UCI Whiteleys, Virgin Fulham Road. Local: West Hall Coronet

**HILARY AND JACKIE (15)**  
Full-throttle playing from Oscar-nominated actresses Rachel Griffiths and Emily Watson, sustains Anand Tucker's warts-and-all biopic of the Du Pré sisters. **West End:** Curzon Soho. Repertory: Phoenix Cinema. And local cinemas

**HOLY MAN (PG)**  
Jeff Goldblum plays Ricky, a scuzzball TV executive. Fearful for his job, Ricky uses spiritual wanderer G (Eddie Murphy) as a frontman on his shopping show and sales go through the roof. G, in turn, teaches Ricky a few soulful lessons. Parts of *Holy Man* are very funny, but the film never quite finds the right tone. **West End:** Odeon Marble Arch, Warner Village West End. And local cinemas

**HOW STELLA GOT HER GROOVE BACK (15)**  
Essentially this is Shirley Valentine with an Afro-American spin, but Angela Bassett works hard to make an impression among the slide-show of tourist-brochure visuals. **West End:** Ritzy Cinema, Virgin Truro. And local cinemas

**JACK FROST (PG)**  
Michael Keaton stars as a self-obsessed hunch-man who dies and gets reincarnated as a snowman. Formula family fun. **West End:** UCI Whiteleys, Warner Village West End. And local cinemas

**LIFE IS BEAUTIFUL (LA VITA E BELLA) (PG)**  
In Roberto Benigni's comedy, the writer-director takes centre-stage as a clowning Jewish bookshop keeper in fascist Italy. He is spirited off to the death camps and strives to convince his son that it's nothing more than a game. **West End:** Curzon Mayfair, Curzon Soho, Odeon Kensington, Ritzy Cinema, Screen on the Hill, UCI Whiteleys, Virgin Chelsea, Virgin Haymarket, Repertory: Watermans Arts Centre. And local cinemas

**LITTLE VOICE (15)**  
Holed up in her bedroom, Jane Horrocks perfects Shirley Bassey/Judy Garland impersonations. Bracing black comedy, Horrocks' vocal pyrotechnics, plus a marvellously weighted turn from Michael Caine push *Little Voice* through to the final curtain. **West End:** ABC Tottenham Court Road, Odeon Swiss Cottage, Odeon West End, Virgin Fulham Road. And local cinemas

**LOVED (15)**  
Erin Dignam's *Loved* has been collecting dust on distributors' shelves for nearly two years, not because it's bad, but because it's so subtly unclassifiable. Robin Wright Penn plays an abused ex-girlfriend called upon by lawyer William Hurt to testify against her brutal former boyfriend. *Loved* paints troubled relationships for what they are: complex, charged and inextricably entwined. **West End:** ABC Piccadilly

**THE OPPOSITE OF SEX (18)**  
See *The Independent Recommends*, above  
**West End:** Virgin Fulham Road, Warner Village West End. And local cinemas

**PAINTED ANGELS (15)**  
The angels are whores; the paint, the paint from the gloomier end of the palette. Jon Sanders' revisionist western revolves around a frontier brothel presided over by Brenda Fricker's no-nonsense madam. Earthy, naturalistic acting goes hand-in-hand with Gerald Packer's evocative visuals, though the resolutely downbeat handling makes it slow going at times. **West End:** Renoir

**PERDITA DURANGO (18)**  
Alex De La Iglesia's quasi-sequel to Lynch's *Wild at Heart* is a strutting Tex-Mex caper, running on a kind of posturing wackiness. Rosie Perez acquits herself well as the vixenish heroine who abducts a pair of all-American virgins, while *Love Felt's* Javier Bardem glowers from beneath a comedy wig. It's camp, garish and annoyingly entertaining. **West End:** Metro, Odeon Camden Town

**PRACTICAL MAGIC (12)**  
Essentially a sibling soap-opera with a dash of mumbo-jumbo, *Practical Magic* sees Sandra Bullock and Nicole Kidman cast as two mismatched sisters raised from a line of witches and hexing any unlucky man who swings into their orbit. **West End:** Warner Village West End

**THE PRINCE OF EGYPT (U)**  
In planning his cartoon life of Moses, DreamWorks honcho Jeffrey Katzenberg envisaged it "painted by Claude Monet and photographed by David Lean". The end result winds up as *The Ten Commandments* by way of Joseph and His Technicolor Dreamcoat. **West End:** Empire Leicester Square. And local cinemas

**SHAKESPEARE IN LOVE (15)**  
See *The Independent Recommends*, above  
**West End:** ABC Tottenham Court Road, Clapham Picture House, Empire Leicester Square, Notting Hill Coronet, Odeon Camden Town, Odeon Kensington, Odeon Marble Arch, Odeon Swiss Cottage, Ritzy Cinema, UCI Whiteleys, Virgin Fulham Road, Virgin Truro. Repertory: Watermans Arts Centre. And local cinemas

**THE THIN RED LINE (15)**  
See *The Independent Recommends*, above  
**West End:** Clapham Picture House, Gate Notting Hill, Odeon Camden Town, Odeon Kensington, Odeon Leicester Square, Odeon Marble Arch, Odeon Swiss Cottage, Ritzy Cinema, Screen on the Hill, UCI Whiteleys, Virgin Chelsea, Virgin Fulham Road. And local cinemas

**THIS YEAR'S LOVE (18)**  
A cast of Britain's finest (Kathy Burke, Ian Hart, Douglas Henshall et al) weave through David Kane's Camden-set essay on urban romance. Although generally witty and well-observed, the film cranks what might have been a sublime one-hour teleplay into double its natural length. **West End:** Clapham Picture House, Odeon Camden Town, Odeon Kensington, Odeon Marble Arch, Odeon Swiss Cottage, Odeon West End, Ritzy Cinema, UCI Whiteleys, Virgin Chelsea. And local cinemas

**TITANIC TOWN (15)**  
All aboard for Troubles-hit Belfast, circa 1972. The IRA and British forces are taking potshots at each other in the streets. Civilians are dying in the crossfire. To the rescue comes Julie Walters' concerned local mum, who lobbies for a ceasefire and finds herself caught between the opposing factions. For a film implicitly about rage and waste, it's a little low on dramatic oomph. **West End:** ABC Swiss Centre. Local: Kilburn Tricycle Cinema

**URBAN LEGEND (18)**  
Jamie Blanks' new stalk-and-slash romp clones *Scream*'s tics, twists and in-jokes in much the same way that its campus killer mimics the crimes of popular myth. The result is a strangely bland and inconsequential bloodbath: fresh-faced teens meeting their grisly end in a drama as cold and schematic as a daytime talk show. **West End:** UCI Whiteleys, Virgin Truro, Warner Village West End. And local cinemas

**YOU'VE GOT MAIL (PG)**  
Riffing off the template of her earlier *Sleepless in Seattle*, director Nora Ephron ushers her favourite pairing of Tom Hanks and Meg Ryan through a contrived romantic comedy that's zapped out of its old-fashioned rut by a shrewd Internet plot hook. **West End:** ABC Tottenham Court Road, Barbican Screen, Clapham Picture House, Odeon Camden Town, Odeon Kensington, Odeon Marble Arch, Odeon Swiss Cottage, Screen on Baker Street, UCI Whiteleys, Virgin Chelsea, Virgin Fulham Road, Virgin Haymarket, Virgin Truro, Warner Village West End. And local cinemas

**YOUR FRIENDS AND NEIGHBOURS (18)**  
Another troubling X-ray of American mores from *In the Company of Men* director Neil LaBute, which looks like a carbon copy of the director's debut. **West End:** Metro, Virgin Haymarket. Local: Elephant & Castle Coronet

THE INDEPENDENT RECOMMENDS

THE FIVE BEST FILMS

**Festen (15)**  
Danish director Thomas Vinterberg's superlative black comedy concerns the 60th birthday of a family patriarch who finds himself at the centre of dark secrets that unexpectedly emerge.

**The Thin Red Line (15)**  
Terrence Malick returns to the screen after a 20-year absence with a hugely ambitious film about the battle of Guadalcanal. A war movie of a sort, though what that sort might be is uncertain.

**Affliction (15)**  
Paul Schrader's bleak study in fatherhood and fatalism, adapted from Russell Banks' novel, stars Nick Nolte as a man struggling to escape the influence of his violent dad (James Coburn, right).



**Shakespeare in Love (15)**  
This enjoyable romp suggests how romance fired Shakespeare with the creative inspiration for *Romeo and Juliet*. Joseph Fiennes and Gwyneth Paltrow head a multi-star cast.

**The Opposite of Sex (18)**  
Christina Ricci plays 16-year-old bitch-on-wheels Dedee, shooting from the lip and causing all kinds of havoc when she moves in with her mid-mannered half-brother (Martin Donovan).

THE FIVE BEST PLAYS

**Copenhagen**  
(Duchess Theatre, London)  
Michael Frayn's profound and haunting meditation on science, morality and the mysteries of human motivation. To 7 Aug

**Oklahoma! (Lyceum Theatre, London)**  
Wildly regarded as the best ever, Trevor Nunn's glorious production of the Rodgers and Hammerstein classic fully deserves its West End transfer. To 26 Jun

**The Memory of Water**  
(Vaudeville Theatre, London)  
Alison Steadman pulls off one of the funniest, truest drunk scenes ever in Shelagh Stephenson's fine play about sisters brought together for their mother's funeral. To 22 May

**The Dispute (The Other Place, Stratford)**  
Marivaux's mordant 18th-century play about a sexual experiment is brought to life in this RSC/Lyric Hammersmith co-production. To 20 Mar

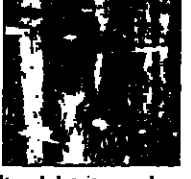
**A Passionate Woman**  
(Leicester Haymarket)  
Genuinely funny and moving, Kay Mellor's play is much more than a *Shirley Valentine* re-run as penned by some cut-price Alan Bennett. To 20 Mar

THE FIVE BEST SHOWS

**Portraits by Ingres (National Gallery)**  
Some of the most intense portraiture ever. Women: exquisite mixtures of flesh and fabric, dreams of sex and money. To 25 Apr

**Patrick Caulfield (Hayward Gallery)**  
Caulfield is a virtuoso of many styles, and these retrospective offers the range, notably those laconic outlines flooded with translucent colour. To 11 Apr

**Peter Doig & Udomsak Kisananitis (Fruitmarket, Edinburgh)**  
Two painters collaborate. Doig's sizzling, curling, over-loaded landscapes (right) mix with Kisananitis's collages of cultural detritus and doodles. To 27 Mar



**Richard Deacon (Tate Gallery, Liverpool)**  
"New Order": more curvaceous assemblages of wood, metal, glass and plastic - some jaunty, some humble - by the noted Eighties sculptor. What do they mean? No one knows. To 16 Mar

**Disasters of War (Wolverhampton Art Gallery)**  
Three ages of European war through the visions of Jacques Callot, Goya and Otto Dix. Black-and-white visions from the blackest of times. To 20 Mar

CINEMA WEST END

**ABC PANTON STREET**  
(0870-902 0404) @ Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
Lock, Stock & Two Smoking Barrels 1.15pm, 3.40pm, 6.10pm, 8.35pm, 10.10pm  
Two Girls and a Guy 4pm, 8.45pm

**ABC PICCADILLY**  
(0171-287 4322) @ Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
The Turkish Bath 1.25pm, 6pm, 8.15pm, 10.30pm, 12.30pm, 2.30pm, 4.30pm, 6.30pm, 8.30pm

**ABC SHAPESBURY AVENUE**  
(0870-902 0402) @ Leicester Square  
Affliction 1.10pm, 3.40pm, 6.05pm, 8.30pm

**ABC SWISS CENTRE**  
(0870-902 0403) @ Leicester Square/Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
I Think I Do 1.10pm, 3.10pm, 5.10pm, 7.10pm, 9.10pm  
Titanic 2.25pm, 4.35pm, 6.45pm, 8.55pm  
La Vie des Merveilles 1.25pm, 3.45pm, 6.05pm, 8.25pm

**ABC TOTTENHAM COURT ROAD**  
(0870-902 0414) @ Tottenham Court Road  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
Affliction 1.10pm, 3.40pm, 6.05pm, 8.30pm

**BARBICAN SCREEN**  
(0171-638 8891) @ Barbican  
The 39 Steps (1935 Version) 6.30pm, 8.40pm  
You've Got Mail 6pm, 8.15pm

**CHelsea Cinema**  
(0171-351 3742) @ Sloane Square  
Festen 2pm, 4.15pm, 6.30pm, 8.50pm

**CLAPHAM PICTURE HOUSE**  
(0171-498 3323) @ Clapham  
Cannon Fessen 2.15pm, 4.30pm, 6.45pm, 8.10pm  
Shakespeare in Love 1.10pm, 3.40pm, 6.05pm, 8.30pm

**CURZON MAYFAIR**  
(0171-369 7201) @ Green Park  
La Vita e Bella 1pm, 3.30pm, 6pm, 8.40pm

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**CURZON SOHO**  
(0171-734 2255) @ Soho  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
The Price of the Ticket 1.15pm, 3.40pm, 6.05pm, 8.30pm

**EMPIRE LEICESTER SQUARE**  
(0990-888990) @ Leicester Square  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
Shakespeare in Love 1.10pm, 3.40pm, 6.05pm, 8.30pm

**GATE NOTTING HILL**  
(0171-727 4043) @ Notting Hill  
Gate the Thin Red Line 1.10pm, 4.30pm, 7.50pm

**METRO**  
(0171-734 1506) @ Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
Your Friends and Neighbours 2pm, 4.15pm, 6.30pm, 8.45pm

**NOTTING HILL CORONET**  
(0171-727 6705) @ Notting Hill  
Gate the Thin Red Line 1.10pm, 4.30pm, 7.50pm

**ODEON CAMDEN TOWN**  
(0870-902 0407) @ Camden Town  
Beloved 7.50pm, 9.15pm  
My Name Is Joe 1.15pm, 3.40pm, 6.05pm, 8.30pm

**ODEON KENSINGTON**  
(0870-902 0407) @ High Street  
Kensington Beloved 8.30pm  
Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

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CINEMA LONDON LOCALS

**ODEON LEICESTER SQUARE**  
(0870-902 0407) @ Leicester Square  
The Thin Red Line 1.10pm, 3.40pm, 6.05pm, 8.30pm

**ODEON MARBLE ARCH**  
(0870-902 0407) @ Marble Arch  
Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

**ODEON MEZZANINE**  
(0870-902 0407) @ Leicester Square  
Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

**ODEON SWISS COTTAGE**  
(0870-902 0407) @ Swiss Cottage  
Beloved 1.45pm, 4.30pm, 6.45pm, 8.15pm

**ODEON WEST END**  
(0870-902 0407) @ Leicester Square  
Little Voice 1.15pm, 3.40pm, 6.05pm, 8.30pm

**PEPSI IMAX CINEMA**  
(0171-369 7201) @ Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
L5 (IMAX) 2.40pm, 7pm  
Back to the Cretaceous (3-D) 1.35pm, 3.40pm, 5.45pm, 8.10pm

**PLAZA**  
(0990-888990) @ Piccadilly  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
Private Ryan 1.15pm, 3.40pm, 6.05pm, 8.30pm

**RENOIR**  
(0171-837 8402) @ Russell Square  
Affliction 1.35pm, 3.55pm, 6.20pm, 8.45pm

**RITZY CINEMA**  
(0171-733 2229) @ Brixton  
Circus Elizabeth 2.15pm, 5.15pm, 8.15pm  
A Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

**SCREEN ON BAKER STREET**  
(0171-935 2772) @ Baker Street  
Festen 1.10pm, 3.40pm, 6.05pm, 8.30pm

**SCREEN ON THE GREEN**  
(0171-226 3520) @ Angel  
The Thin Red Line 1.10pm, 4.30pm, 7.50pm

**SCREEN ON THE HILL**  
(0171-435 3366) @ Belsize Park  
La Vita e Bella 1.15pm, 4.30pm, 6.50pm, 9.15pm

**UCI WHITELEYS**  
(0990-888990) @ Bayswater  
Beloved 1.15pm, 5.05pm, 8.40pm  
A Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

**VIRGIN CHELSEA**  
(0870-907 0710) @ Sloane Square/South Kensington  
A Bug's Life 1.15pm, 3.40pm, 6.05pm, 8.30pm

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**THE WEDNESDAY REVIEW**  
The Independent 10 March 1995

## TELEVISION GUIDE BY GERARD GILBERT